

## **BILL ANALYSIS**

Senate Research Center

H.B. 2105  
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Economic Development  
5-7-97  
Engrossed

### **DIGEST**

Current law requires credit service organizations to make a one time, \$100 filing with the secretary of state's office, but the present lack of a renewal requirement makes it difficult for the secretary of state's office to keep track of how many of these organizations are actually in operation. Compounding this problem is the practice of some credit organizations of opening several locations under one filing fee and one security deposit. H.B. 2105 specifies that a certificate of registration is valid for one year and may be renewed on an annual basis. This bill also clarifies the security deposit requirement by stipulating that a security deposit is to be filed for each location.

### **PURPOSE**

As proposed, H.B. 2105 provides for the regulation of credit service organizations.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 18.03, Business & Commerce Code, to prohibit a credit services organization, certain representatives of a credit services organization, or an independent contractor who sells the services of such an organization from charging or receiving from a buyer money or other valuable consideration before completing all buyer services, unless the organization has obtained a surety bond for each of its locations, or established and maintained a surety account for each of its locations.

SECTION 2. Amends Section 18.05, Business & Commerce Code, by amending and redesignating Subsections (e) and (f) as Subsections (f) and (g), and adding a new Subsection (e), to provide that a certificate of registration issued under this chapter is valid for one year after its date of issuance. Authorizes a registered credit services organization to renew its registration by filing an application for renewal in the form prescribed by the secretary of state accompanied by the renewal fee. Authorizes the secretary of state to charge each organization that files a renewal application a certain fee. Makes a conforming change.

SECTION 3. Sets forth the terms by which a registration statement under Chapter 18, Business & Commerce Code, that is in effect on the effective date of this Act is valid until September 1, 1998. Authorizes the secretary of state to provide that registration statements renewed on September 1, 1998, expire on different dates during the year. Requires the secretary of state to prorate the registration fee if the secretary of state changes the expiration date. Provides that the total renewal registration fee is payable when the registration is renewed on the new expiration date.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.