

BILL ANALYSIS

Senate Research Center

S.B. 1599
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Economic Development
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As Filed

DIGEST

Currently, state law does not require a financial institution to provide all consumers the opportunity to open a checking account. Escalating fees and the closing of many full-service banks may limit consumers' access to checking accounts. Such limited access would force some consumers to rely on alternative financial transactions such as check cashing services. This bill would require the Finance Commission of Texas to promulgate rules for the establishment of a consumer checking account that all financial institutions would make available to consumers.

PURPOSE

As proposed, S.B. 1599 requires the Financial Commission of Texas to promulgate rules for the establishment of a consumer checking account that all financial institutions would make available to consumers.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Finance Commission of Texas in SECTION 2 (Section 3(a), Article 353, V.T.C.S.) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Sets forth the legislative findings relating to checking accounts for low-income consumers.

SECTION 2. Amends Title 16, V.T.C.S., by adding Article 353, as follows:

Art. 353. CONSUMER CHECKING ACCOUNT

Sec. 1. DEFINITIONS. Defines "commission," "commissioner," "financial institution," and "regular checking account."

Sec. 2. CONSUMER CHECKING ACCOUNT REQUIRED. Requires each financial institution that offers a checking account to the public to offer a consumer checking account to the public.

Sec. 3. FORM OF ACCOUNT. Requires the Finance Commission of Texas (commission), by rule, to establish the required terms of a consumer checking account. Sets forth the required parameters of the rules. Requires the commission, in adopting the rules, to ensure that a financial institution is not required to receive less gross income from consumer checking accounts than it costs the financial institution to provide those accounts. Requires a financial institution, on request of the banking commissioner of Texas (commissioner), to provide information necessary to enable the commission to carry out this subsection.

Sec. 4. ALTERNATIVE FORM OF ACCOUNT. Authorizes the commissioner, on request of a financial institution, to approve as a consumer checking account an account that does not meet the requirements of rules adopted under Section 3 if the commissioner determines that the account satisfies the purposes of a consumer checking account described by Section 3(a)(1). Requires the commissioner, by a certain date, to send to the financial institution a

written notice that either approves the request; or disapproves the request and states the reasons for disapproval.

Sec. 5. CONSIDERATION OF EXISTING ACCOUNTS. Requires the commission and the commissioner to consider the terms of existing low-cost personal checking accounts available in this state.

Sec. 6. PARITY WITH OTHER ACCOUNTS. Requires a financial institution to offer each of its products and services to a holder of a consumer checking account on the same basis that it offers the product or service to a holder of a regular checking account. Prohibits a financial institution from performing certain actions.

Sec. 7. OPENING ACCOUNT; SERVICES PROVIDED AT EACH LOCATION. Requires a financial institution to provide certain services. Authorizes the financial institution to require that an applicant for a consumer checking account provide the financial institution with the same information required of an applicant for a regular savings account.

Sec. 8. GROUNDS FOR CLOSING OR DENYING ACCOUNT. Authorizes a financial institution to close a consumer checking account under certain conditions and to close or refuse to open a consumer checking account under certain conditions. Prohibits a financial institution from requiring, as a condition of opening or maintaining a consumer checking account, that the applicant or account holder hold any other account with that or any other financial institution.

Sec. 9. PUBLIC NOTICE OF ACCOUNT. Requires each financial institution required to offer a consumer checking account to provide notice at each of its locations of the main features and limitations of a consumer checking account by posting a copy of the notice in a conspicuous public area of the location; and making printed copies of the notice available to the public.

Sec. 10. INJUNCTIONS. Requires the attorney general, on request of the commissioner, to bring an action to enjoin a violation of this article.

SECTION 3. Requires the commission to adopt rules under Article 353, V.T.C.S., as added by this Act, before January 1, 1998.

SECTION 4. Emergency clause.

Effective date: upon passage.