

BILL ANALYSIS

Senate Research Center

C.S.S.B. 251
By: Carona
Economic Development
3-19-97
Committee Report (Substituted)

DIGEST

Currently, there is no administrative fee for loans made under Articles 3.15, 4.01, and 5.02, Texas Credit Code. Many finance companies have either left Texas or have drastically scaled back their Texas operations. This bill proposes an administrative fee of \$25 or \$10 for a loan of \$1,000 or less when the loan is made, and \$25 or \$10 for a loan of \$1,000 or less if the loan is refinanced. Such a fee at the time of refinancing cannot be charged or received by the lender more than once every 180 days.

PURPOSE

As proposed, C.S.S.B. 251 prohibits an administrative fee exceeding \$25 that is considered earned at the time the loan is made or refinanced, and if refinanced, may not be contracted for or received by the lender refinancing the loan more than once in any 180-day period.

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 Article 5069-3.15(8), V.T.C.S., to provide that the prohibition against charges for loans and other charges not to apply to an administrative fee, not to exceed \$25 for a loan of more than \$1,000 or \$10 for a loan of \$1,000 or less which is considered earned at the time the loan is made or refinanced, is not subject to refund, and which may not be contracted for or received by the lender refinancing the loan more than once in any 180-day period if the loan is refinanced, and for which 50 cents of the fee charged is deposited with the comptroller for the purpose of fulfilling the responsibilities of the Finance Commission, as required under Article 342-1.011(f), V.T.C.S.

SECTION 2. Amends Article 5069-4.01(7), V.T.C.S., to make conforming changes.

SECTION 3. Amends Article 5069-5.02(7), V.T.C.S., to make conforming changes.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Article 5069-315(8), V.T.C.S., to provide for a 50-cent fee to be deposited with the comptroller for the purpose of fulfilling the responsibilities of the Finance Commission, as required under Article 342-1.011(f), V.T.C.S.. Provides that the fee for returned checks is to remain \$15. Makes nonsubstantive changes.

Amends SECTION 2, Article 5069-4.01(7), V.T.C.S., to make conforming and nonsubstantive changes.

Amends SECTION 3, Article 5069-5.02(7), V.T.C.S., to make conforming and nonsubstantive changes.