

BILL ANALYSIS

Senate Research Center

H.B. 1510
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State Affairs
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Engrossed

DIGEST

Currently, Chapter 349 (Motor Vehicle Installment Sales), Finance Code, authorizes a documentary fee that may not exceed \$50 to be included in the principal balance of a retail installment contract for the sale of a motor vehicle. "Motor vehicle" includes an automobile, truck, truck tractor, trailer, semitrailer, or bus, and a commercial vehicle or heavy commercial vehicle. This fee is intended to compensate the retail seller for services rendered for or on behalf of the retail buyer in preparing, handling, and processing documents relating to the motor vehicle and to the closing of the retail installment transaction. The majority of motor vehicle retail installment transactions in Texas involve the sale of automobiles and light trucks to consumers for personal, or family use. Few transactions involve heavy commercial vehicles. However, many buyers of commercial vehicles are corporations, and it is common that multiple units of trucks and trailers may be purchased at one time, such that the total contract price is several hundred thousand dollars, or more. The time and paperwork included in documenting a heavy commercial vehicle transaction is more extensive than that which is required in an automobile transaction. H.B 1510 authorizes a documentary fee of \$50 for a motor vehicle retail installment contract or a reasonable amount agreed to by the retail seller and retail buyer for a heavy commercial vehicle retail installment contract.

PURPOSE

As proposed, H.B. 1510 requires a document fee to be included in a vehicle retail installment contract.

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 348.006(c), Finance Code, to prohibit the documentary fee from exceeding \$50 for a motor vehicle retail installment contract or a reasonable amount agreed to by the retail seller and retail buyer for a heavy commercial vehicle retail installment contract. Makes a conforming change.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.