

BILL ANALYSIS

Senate Research Center
76R5841 CLG-D

H.B. 2800
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Education
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Engrossed

DIGEST

Current, a holder of a dishonored check written on a business checking account may be unable to locate the person to whom the check was written. Possibly, the name of the business owner is not on the check, the address on the check is not a physical address, or the business owner or business has moved from the address on the check. Under current law, if the financial institution that returned the check has any of this information, it is unclear whether or not the institution may provide the information to the holder of the dishonored check. H.B. 2800 would require a financial institution to maintain certain information regarding a business account holder and would prohibit the institution from withholding the information if it is requested by a person who received a dishonored check.

PURPOSE

As proposed, H.B. 2800 requires a financial institution to maintain certain information regarding a business account holder, and prohibits the institution from withholding information on a dishonored check.

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 Title 3Z, Finance Code, by adding Chapter 377, as follows:

CHAPTER 277. BUSINESS CHECKING ACCOUNTS

Sec. 277.001. DEFINITIONS. Defines “business,” “business checking account,” and “financial institution.”

Sec. 277.002. ACCOUNT INFORMATION REQUIRED. Requires a financial institution to require an applicant for a business checking account to provide certain information about the business owner, as a condition of opening the account, and to keep the information current at least annually.

Sec. 277.003. DISCLOSURE OF INFORMATION. Prohibits a financial institution from unreasonably withholding the information recorded under Section 277.002 to a person who received a dishonored check or draft from the institution and from withholding a photocopy of the dishonored check or draft. Authorizes the institution to assess a research fee on the person requesting the information under this section. Provides that the institution is not liable to an account holder or other person for the disclosure of information under this section.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 3. Emergency clause.