

BILL ANALYSIS

Senate Research Center
76R3629 WP-D

S.B. 172
By: Harris
Economic Development
3/5/1999
As Filed

DIGEST

Currently, investors on a qualified commercial loan, e.g., a loan over \$3,000,000, may take an equity position in the company in which they are investing without violating the Texas usury law. S.B. 172 amends the definition of a “qualified commercial loan” under Title 79, V.T.C.S., regarding consumer credit and consumer protection in commercial transactions, by decreasing the commercial loan amount from \$3,000,000 to \$1,000,000.

PURPOSE

As proposed, S.B. 172 redefines the minimum amounts of a “qualified commercial loan.”

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 Subdivision (9), Article 5069-1H.001, Title 79, V.T.C.S., to redefine a “qualified commercial loan” by setting the minimum balance as \$1,000,000, rather than \$3,000,000, for a commercial loan and a renewal or extension of a commercial loan.

SECTION 2. Amends Subdivision (9), Section 306.001, Finance Code, to redefine a “qualified commercial loan” by setting the minimum balance as \$1 million for a commercial loan and a renewal or extension of a commercial loan.

SECTION 3. (a) Effective date: September 1, 1999, except as provided by Subsections (b) and (c).

(b) Provides that SECTION 1 of this Act will take effect only if nonsubstantive additions to and corrections in enacted codes do not take effect.

(c) Provides that SECTION 2 of this Act takes effect only if nonsubstantive additions to and corrections in enacted codes do not take effect.

SECTION 4. Emergency clause.