

## **BILL ANALYSIS**

Senate Research Center  
80R6656 DWS-F

S.B. 1132  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The maximum amount an automobile dealer can charge as a documentary fee for preparing and processing the documents associated with the sale of a motor vehicle, including remittance of the sales and motor vehicle tax to the state, has remained at \$50 since 1993. Since that time the federal government has mandated that automobile dealers establish certain procedures that, among other things, develop technical, administrative, and physical safeguards to protect customer information. The additional costs of these government mandates have been absorbed by the dealer.

As proposed, S.B. 1132 amends Section 348.006 (Principal Balance; Inclusion of Documentary Fee), Finance Code, to raise the maximum amount that a dealer is authorized to charge as a documentary fee from \$50 to \$100.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 348.006(a) and (c), Finance Code, as follows:

(a) Sets forth the computation for calculating the principal balance under a retail installment contract by adding certain amounts, including a documentary fee for preparing, handling and processing documents and complying with federal and state statutes, rules, and regulations, including those regarding privacy, security, safeguards, and reporting requirements, and by subtracting the down payment from the total of those amounts.

(c) Prohibits a documentary fee from exceeding \$100, rather than \$50, for a motor vehicle retail installment contract. Makes a conforming change.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2007.