

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1132
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The maximum amount an automobile dealer can charge as a documentary fee for 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 dealer has absorbed the additional costs of these government mandates.

C.S.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 a certain amount computed by the consumer credit commissioner.

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 Section 348.006, Finance Code, by amending Subsections (a) and (c) and by adding Subsections (e), (f), and (g), 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 handling and processing documents associated with the titling, registration, and licensing of a motor vehicle, rather than documents relating to the motor vehicle, and to the closing of the sale, rather than the retail installment transaction, and by subtracting the down payment from the total of those amounts.
- (c) Prohibits a documentary fee from exceeding the greater of \$75 or an amount computed under Subsections (e) and (f), rather than \$50, for a motor vehicle retail installment contract to be included in the principal balance of a retail installment contract. Sets forth the language of the notice required in the buyer's order and the retail installment contract regarding the documentary fee.
- (e) Requires the maximum documentary fee that may be charged in a transaction involving a certain vehicle to be adjusted annually using a reference base amount of \$75. Requires the consumer credit commissioner (commissioner) to revise the fee each year using a certain method.
- (f) Describes the consumer price index compiled by the Bureau of Labor Statistics (bureau) to be used for purposes of computing the maximum documentary fee under Subsection (e). Provides that the reference base index is the consumer price index for December 2006. Provides that the revised ceiling amount provided by Subsection (e) takes effect on July 1 of the year of its computation.
- (g) Requires the commissioner to publish the maximum amount authorized to be charged for a documentary fee computed under Subsections (e) and (f) in a manner designed to provide notice of the rate to all affected parties.

SECTION 2. Effective date: upon passage or September 1, 2007.