

## **BILL ANALYSIS**

C.S.S.B. 533  
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Financial Institutions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Chapter 20, Business & Commerce Code regulates credit bureaus while Chapter 392, Finance Code regulates both debt collectors and credit bureaus. This can cause confusion in enforcement. C.S.S.B. 533 deletes superfluous references to credit bureaus from Chapter 392, Finance Code so that they are regulated principally by Chapter 20, Business & Commerce Code. The bill also requires a debt collector to make a written record of a dispute, report it to a credit bureau, and investigate the dispute or cease collection efforts. Additionally, the bill requires a debt collector to inform a consumer during an initial conversation that information obtained will be used to collect a debt and in subsequent communication to state that the communication is from a debt collector.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 533 amends Section 392.202, require a third-party debt collector ("collector") to make a written record of a dispute regarding the accuracy of a debt being collected. The collector shall cease collection efforts until an investigation determines the accurate amount of the debt, if the collector does not report the dispute to a credit bureau. The collector shall initiate an investigation of the dispute and cease collection efforts until the investigation determines the accurate amount of the debt, if the collector reports the dispute to a credit bureau. Following an investigation, the collector shall cease further collection efforts on any portion of the debt found to be inaccurate. The provisions of Section 392.202 do not apply to a collector subject to Chapter 20, Business & Commerce Code. The bill also deletes several superfluous references to "credit bureaus" in Section 392.202.

The bill amends Section 392.204, Finance Code to prohibit a collector from failing to disclose that any information obtained from a debtor may be used for the purpose of collecting the debt or that the communication is from a collector. These prohibitions do not apply to a formal pleading made in connection with a legal action.

The bill amends Section 20.06, Business & Commerce Code to require a consumer reporting agency to provided a revised consumer report to each person who requested the consumer's report in the previous six months, regardless of whether such action is requested by the consumer.

### **EFFECTIVE DATE**

September 1, 2003.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute clarifies that collection efforts must cease until an investigation determines the accurate amount of the debt, if any, as opposed to the accuracy of the debt.