

BILL ANALYSIS

C.S.H.B. 694
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Financial Institutions
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, federal law requires the owner of an ATM machine to notify the customer, on the screen of the ATM, the transaction fee for using the machine before the customer is committed to a transaction.

There are some ATM machines that limit the amount of money that can be withdrawn, sometimes as low as \$40. Thus, a customer who needs \$100 dollars and agrees to incur the transaction fee is only able to receive \$40 from the machine. However, there is no requirement for the owner of the ATM machine to disclose to the customer the withdrawal limit of an ATM, even after they are committed to a transaction.

C.S.H.B. 694 requires the owner of an ATM machine notify the customer of the maximum withdrawal limit before the customer commits to the transaction fee.

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.H.B. 694 amends Subchapter C, Chapter 59, Texas Finance Code, by adding Section 59.203 to accomplish the following purpose:

The substitute requires that the owner of an electronic terminal, except a financial institution with which the user has an account from which the transfer is made or an institution that deposits of which are insured by the Federal Deposit Insurance Corporation, disclose to the user of the electronic terminal any limit imposed by the terminal on a withdrawal before the transaction is completed. The substitute also provides that the user be allowed to cancel the transaction without incurring any fee.

The substitute requires the notice of the withdrawal limit to be displayed by the electronic terminal at the time of the transaction and posted in a prominent and conspicuous location near the terminal.

The substitute provides for a civil penalty of \$500 for each terminal in non-compliance. The attorney general may bring an action to recover the civil penalty. The substitute exempts electronic terminals that have a withdrawal limit of \$200 or more.

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 694 modifies the original by adding language that exempts electronic terminals in which the financial institution has deposits insured by the Federal Deposit Insurance Corporation and electronic terminals that have a withdrawal limit of \$200 or more.

The substitute modifies the original by adding language that clarifies that the notification pertains to a cash withdrawal from the ATM.

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