

BILL ANALYSIS

C.S.H.B. 1726
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Financial Institutions
Introduced

BACKGROUND AND PURPOSE

Over twenty years ago, the Texas Legislature adopted a statute relating to rental-purchase agreements and its requirements. Since then, the rental-purchase industry has evolved from low end appliances to high end appliances, furniture and state-of-the-art electronics. However, the current law does not account for the increase in the value of rental purchase items.

C.S.H.B. 1726 addresses the current status of the rental-purchase industry by increasing the maximum amount that can be charged for the payment of a late charge or reinstatement 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. 1726 amends Section 35.72(c), Business & Commerce Code, as follows;

This bill increases the late charge or reinstatement fee of a rental-purchase agreement to 10% of the delinquent payment or \$10, and not less than \$5.

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. modifies the original by decreasing the dollar amount of the late charge from \$11, not less than \$6, to \$10, not less than \$5.