

## **BILL ANALYSIS**

C.S.H.B. 1935  
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Financial Institutions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under Texas law, municipalities and counties have the authority to charge a processing fee in an amount reasonably related to the expense incurred to process the payment by credit card, not to exceed five percent of the amount of the fee or charge being paid.

Water districts receive many requests from customers to pay for fees and charges by credit or debit card. However, there is an extra expense involved in processing payments by credit card. Like municipalities and counties, water districts should be able to pass these costs to the customers who utilize this service instead of distributing the cost amongst all customers, most of whom mail in checks for payment.

C.S.H.B. 1935 provides for the acceptance of credit cards by a water district for the payment of fees and charges imposed by the water district.

### **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. 1935 amends Subchapter H, Chapter 49, Water Code, as follows:

The substitute allows a water district board to authorize the acceptance of payment for fees and charges by credit card and to collect a processing fee for payment by credit card. The fee must be reasonably related to the expense incurred in processing the credit card payment and may not exceed five percent of the amount of the fee or charge being paid.

The substitute provides that if the payment is not honored by the credit card company, the district may collect an additional service charge in the same amount charged for the collection of a check drawn on an account with insufficient funds. The service charge may not exceed the amount charged for the collection of a check drawn on an account with insufficient funds. Additionally, the district may not collect the service charge if the district is notified at the time of payment that payment is not honored and customer immediately submits an alternative form of payment.

### **EFFECTIVE DATE**

September 1, 2005

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

C.S.H.B. 1935 modifies the original by redefining the term "credit card."

The substitute modifies the original by changing the word "board" to "district."

C.S.H.B. 1935 79(R)

The substitute modifies the original by removing Section 2 because water districts are included as a government entity.

The substitute modifies the original by adding language that the service charge not exceed the amount charged for the collection of a check drawn on an account with insufficient funds.

The substitute modifies the original by adding language that the district may not collect the service charge if the district is notified of insufficient funds and customer immediately submits an alternative form of payment.