

## **BILL ANALYSIS**

Senate Research Center

S.B. 709  
By: Carona  
Business & Commerce  
5/25/2005  
Enrolled

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Over twenty years ago, the Texas Legislature adopted a statute relating to rental-purchase agreements and related 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, current law does not account for the increase in the value of rental-purchase items.

S.B. 709 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. This bill increases the late charge or reinstatement fee of a rental-purchase agreement to 10 percent of the delinquent payment or \$10, and not less than \$5.

### **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 35.72(c), Business & Commerce Code, to prohibit a provision from being included in a rental-purchase agreement that requires the payment of a late charge or reinstatement fee unless a periodic payment is delinquent for more than seven days if the payment is due monthly, or is delinquent for more than three days if the payment is due more frequently than monthly, and the charge or fee is in an amount equal to not more than the lesser of 10 percent of the delinquent payment or \$10 and not less than \$5, rather than the lesser of five percent of the delinquent payment or \$5 and not less than \$2.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.