

BILL ANALYSIS

S.B. 709
By: Carona
Financial Institutions
Committee Report (Unamended)

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.

S.B. 709 provides for the amount of a late charge or reinstatement fee under a rental-purchase agreement.

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

S.B. 709 amends Section 35.72(c), Business & Commerce Code, as follows;

The 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.

EFFECTIVE DATE

September 1, 2005