

AN ACT

relating to authorizing certain institutions of higher education to charge fees for processing or handling certain payments or payment transactions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 51, Education Code, is amended by adding Section 51.9461 to read as follows:

Sec. 51.9461. CHARGES AND FEES FOR CERTAIN PAYMENTS AT PRIVATE OR INDEPENDENT INSTITUTIONS OF HIGHER EDUCATION. (a) In this section, "private or independent institution of higher education" has the meaning assigned by Section 61.003.

(b) This section applies only to a payment of tuition, a fee, or another charge made by or on behalf of a student, including a person admitted but not yet enrolled, of a private or independent institution of higher education if the payment is made or authorized in person, by mail, by telephone call, or through the Internet by means of:

(1) an electronic funds transfer; or

(2) a credit card.

(c) A private or independent institution of higher education may charge a fee or other amount in connection with a payment to which this section applies, in addition to the amount of the tuition, fee, or other charge being paid, including:

(1) a discount, convenience, or service charge for the

1 transaction; or

2 (2) a service charge in connection with a payment
3 transaction that is dishonored or refused for lack of funds or
4 insufficient funds.

5 (d) A fee or other charge under this section must be in an
6 amount reasonable and necessary to reimburse the institution for
7 the expense incurred by the institution in processing and handling
8 the payment or payment transaction.

9 (e) Before accepting a payment by credit card, the
10 institution shall notify the student or other person making the
11 payment of any fee to be charged under this section.

12 SECTION 2. Section 54.5011(c), Education Code, is amended
13 to read as follows:

14 (c) A fee or other charge under this section must be in an
15 amount reasonable and necessary to reimburse the institution for
16 ~~[reasonably related to]~~ the expense incurred by the institution in
17 processing and handling the payment or payment transaction.

18 SECTION 3. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I certify that H.B. No. 1829 was passed by the House on May 13, 2005, by the following vote: Yeas 135, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1829 on May 27, 2005, by the following vote: Yeas 142, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1829 was passed by the Senate, with amendments, on May 25, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor