

R E S O L U T I O N

1 WHEREAS, The paper check, one of the world's oldest and most
2 common forms of payment, is widely accepted in the United States and
3 internationally; it is used by businesses, governments, and
4 consumers as payment for almost every type of commerce; and

5 WHEREAS, In most states, if the issuer of a check has
6 insufficient funds to cover that check, state law authorizes a
7 financial institution to impose a reasonable penalty against the
8 issuer in order to cover the administrative cost of processing that
9 dishonored check, and many financial institutions elect to do
10 precisely that; and

11 WHEREAS, In addition, the recipient's financial institution
12 may charge the recipient--who typically is unaware of the check's
13 dubious status--a penalty for the dishonored check and possibly
14 could go so far as to charge back to the recipient's account the
15 amount of the insufficient funds check even if the recipient's
16 financial institution had already made the funds available to the
17 recipient, which may consequently create overdrafts of the
18 recipient's account resulting in the recipient incurring
19 additional penalties arising from those overdrafts; and

20 WHEREAS, Imposing a penalty upon the recipient of an
21 insufficient funds check is an unfair business practice because it
22 punishes the wrong party in this very common type of financial
23 transaction; and

24 WHEREAS, Because financial transactions involving checks

1 frequently cross state boundaries, it is desirable that a uniform,
2 nationwide standard be established to address this problem; now,
3 therefore, be it

4 RESOLVED, That the House of Representatives of the 79th Texas
5 Legislature hereby respectfully urge the Congress of the United
6 States to enact legislation to prohibit a dishonored check
7 recipient's financial institution from assessing a penalty against
8 the recipient and to instead authorize the recipient's financial
9 institution to assess a penalty against the issuer's financial
10 institution, which may in turn pass that penalty down to the issuer;
11 and, be it further

12 RESOLVED, That the chief clerk of the Texas House of
13 Representatives forward official copies of this resolution to the
14 president of the United States, to the speaker of the house of
15 representatives and the president of the senate of the United
16 States Congress, and to all the members of the Texas delegation to
17 the congress with the request that this resolution be officially
18 entered in the Congressional Record as a memorial to the Congress of
19 the United States of America.

Giddings

H.R. No. 1300

Speaker of the House

I certify that H.R. No. 1300 was adopted by the House on May 25, 2005, by a non-record vote.

Chief Clerk of the House