

By: Giddings

H.R. No. 1300

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 in order to
8 cover the administrative cost of processing that dishonored check,
9 and many financial institutions elect to do precisely that; and

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

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

23 WHEREAS, Because financial transactions involving checks
24 frequently cross state boundaries, it is desirable that a uniform,

1 nationwide standard be established to address this problem; now,
2 therefore, be it

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

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