

By: Dutton

H.B. No. 1537

A BILL TO BE ENTITLED

AN ACT

relating to the disclosure of the reason for rejecting a check at the time of rejection.

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

SECTION 1. Subchapter D, Chapter 35, Business & Commerce Code, is amended by adding Section 35.596 to read as follows:

Sec. 35.596. DISCLOSURE OF REASON FOR REJECTION BY CHECK VERIFIER. (a) In this section, "check verifier" has the meaning assigned by Section 20.021(a).

(b) At the same time that a check verifier discloses that the verifier has rejected a check, the check verifier shall disclose the specific reason for rejecting the check and provide a clear explanation of that reason.

(c) A business that uses a check verifier to verify or guarantee checks accepted by the business for payment shall:

(1) disclose to the person whose check has been rejected the reason and the explanation for the rejection given by the verifier, at the same time as the business notifies the person that the person's check has been rejected; and

(2) post, on each register at which the public may make a purchase from or payment to the business, a list of reasons the check verifier used by the business may reject a check.

(d) A person whose check is rejected based on a negligent act by a check verifier or business may sue the check verifier or

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1 business, as applicable, for the actual damages sustained as a
2 result of the rejection of the check.

3 SECTION 2. This Act takes effect September 1, 2007.