

By: Carona

S.B. No. 1132

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of certain fees collected to defray certain expenses incurred in conjunction with the sale of a motor vehicle.

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

SECTION 1. Section 348.006, Finance Code, is amended by amending Subsections (a) and (c) and adding Subsections (e), (f), and (g) to read as follows:

(a) The principal balance under a retail installment contract is computed by:

(1) adding:

(A) the cash price of the motor vehicle;

(B) each amount included in the retail installment contract for an itemized charge; and

(C) subject to Subsection (c), a documentary fee for services rendered for or on behalf of the retail buyer in ~~[preparing]~~ handling~~[7]~~ and processing documents associated with the titling, registration, and licensing of a ~~[relating to the]~~ motor vehicle and to the closing of the sale ~~[retail installment transaction]~~; and

(2) subtracting from the results under Subdivision (1) the amount of the retail buyer's down payment in money, goods, or both.

(c) For a documentary fee to be included in the principal

balance of a retail installment contract:

(1) the retail seller must charge the documentary fee to cash buyers and credit buyers;

(2) the documentary fee may not exceed the greater of \$75 or an amount computed under Subsections (e) and (f) [~~\$50~~] for a motor vehicle retail installment contract or a reasonable amount agreed to by the retail seller and retail buyer for a heavy commercial vehicle retail installment contract; and

(3) the buyer's order and the retail installment contract must include:

(A) a statement of the amount of the documentary fee; and

(B) in reasonable proximity to the place in each where the amount of the documentary fee is disclosed, the following notice in type that is bold-faced, capitalized, underlined, or otherwise conspicuously set out from surrounding written material:

"A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING AND PROCESSING DOCUMENTS ASSOCIATED WITH THE TITLING, REGISTRATION, AND LICENSING OF A MOTOR VEHICLE AND ~~[PERFORMING SERVICES RELATING]~~ TO THE CLOSING OF THE ~~[A]~~ SALE. THE MAXIMUM AMOUNT THAT MAY BE CHARGED FOR A DOCUMENTARY FEE IN A TRANSACTION INVOLVING [MAY NOT EXCEED \$50 FOR] A MOTOR VEHICLE OTHER THAN A HEAVY COMMERCIAL VEHICLE IS DETERMINED ACCORDING TO SECTION 348.006, FINANCE CODE. THE MAXIMUM AMOUNT THAT MAY BE CHARGED FOR A DOCUMENTARY FEE IN A TRANSACTION INVOLVING A HEAVY COMMERCIAL VEHICLE IS [CONTRACT OR] A REASONABLE AMOUNT AGREED TO BY THE

1 PARTIES [~~FOR A HEAVY COMMERCIAL VEHICLE CONTRACT~~]. THIS NOTICE IS
2 REQUIRED BY LAW."

3 (e) The maximum documentary fee that may be charged in a
4 transaction involving a motor vehicle other than a heavy commercial
5 vehicle shall be adjusted annually, using a reference base amount
6 of \$75. Each year the commissioner shall revise the maximum amount
7 allowed for a documentary fee by:

8 (1) dividing the reference base index into the
9 consumer price index at the end of the preceding year;

10 (2) computing the percentage of change under
11 Subdivision (1) to the nearest whole percent;

12 (3) multiplying the reference amount of \$75 by the
13 result obtained under Subdivision (2); and

14 (4) rounding the result obtained under Subdivision (3)
15 to the nearest \$5 increment.

16 (f) For purposes of a computation made under Subsection (e),
17 the consumer price index is the Consumer Price Index for Urban Wage
18 Earners and Clerical Workers: U.S. City Average, All Items,
19 1967=100, compiled by the Bureau of Labor Statistics, United States
20 Department of Labor, or, if that index is canceled or superseded,
21 the index chosen by the Bureau of Labor Statistics as most
22 accurately reflecting the changes in the purchasing power of the
23 dollar for consumers. The reference base index is the consumer
24 price index for December 2006. The revised ceiling amount provided
25 by Subsection (e) takes effect on July 1 of the year of its
26 computation.

27 (g) The commissioner shall publish the maximum amount that

1 may be charged for a documentary fee computed under Subsections (e)
2 and (f) in a manner designed to provide notice of the rate to all
3 affected parties.

4 SECTION 2. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2007.