

1-1 By: Carona S.B. No. 1132
1-2 (In the Senate - Filed March 5, 2007; March 14, 2007, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 March 29, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; March 29, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1132 By: Watson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the calculation of certain fees collected to defray
1-11 certain expenses incurred in conjunction with the sale of a motor
1-12 vehicle.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 348.006, Finance Code, is amended by
1-15 amending Subsections (a) and (c) and adding Subsections (e), (f),
1-16 and (g) to read as follows:

1-17 (a) The principal balance under a retail installment
1-18 contract is computed by:

1-19 (1) adding:

1-20 (A) the cash price of the motor vehicle;

1-21 (B) each amount included in the retail
1-22 installment contract for an itemized charge; and

1-23 (C) subject to Subsection (c), a documentary fee
1-24 for services rendered for or on behalf of the retail buyer in
1-25 ~~[preparing,]~~ handling~~[,]~~ and processing documents associated with
1-26 the titling, registration, and licensing of a [relating to the]
1-27 motor vehicle and to the closing of the sale [retail installment
1-28 transaction]; and

1-29 (2) subtracting from the results under Subdivision (1)
1-30 the amount of the retail buyer's down payment in money, goods, or
1-31 both.

1-32 (c) For a documentary fee to be included in the principal
1-33 balance of a retail installment contract:

1-34 (1) the retail seller must charge the documentary fee
1-35 to cash buyers and credit buyers;

1-36 (2) the documentary fee may not exceed the greater of
1-37 \$75 or an amount computed under Subsections (e) and (f) [\$50] for a
1-38 motor vehicle retail installment contract or a reasonable amount
1-39 agreed to by the retail seller and retail buyer for a heavy
1-40 commercial vehicle retail installment contract; and

1-41 (3) the buyer's order and the retail installment
1-42 contract must include:

1-43 (A) a statement of the amount of the documentary
1-44 fee; and

1-45 (B) in reasonable proximity to the place in each
1-46 where the amount of the documentary fee is disclosed, the following
1-47 notice in type that is bold-faced, capitalized, underlined, or
1-48 otherwise conspicuously set out from surrounding written material:

1-49 "A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE
1-50 IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING
1-51 AND PROCESSING DOCUMENTS ASSOCIATED WITH THE TITLING,
1-52 REGISTRATION, AND LICENSING OF A MOTOR VEHICLE AND ~~[PERFORMING~~
1-53 ~~SERVICES RELATING]~~ TO THE CLOSING OF THE ~~[A]~~ SALE. THE MAXIMUM
1-54 AMOUNT THAT MAY BE CHARGED FOR A DOCUMENTARY FEE IN A TRANSACTION
1-55 INVOLVING ~~[MAY NOT EXCEED \$50 FOR]~~ A MOTOR VEHICLE OTHER THAN A
1-56 HEAVY COMMERCIAL VEHICLE IS DETERMINED ACCORDING TO SECTION
1-57 348.006, FINANCE CODE. THE MAXIMUM AMOUNT THAT MAY BE CHARGED FOR A
1-58 DOCUMENTARY FEE IN A TRANSACTION INVOLVING A HEAVY COMMERCIAL
1-59 VEHICLE IS ~~[CONTRACT OR]~~ A REASONABLE AMOUNT AGREED TO BY THE
1-60 PARTIES ~~[FOR A HEAVY COMMERCIAL VEHICLE CONTRACT]~~. THIS NOTICE IS
1-61 REQUIRED BY LAW."

1-62 (e) The maximum documentary fee that may be charged in a
1-63 transaction involving a motor vehicle other than a heavy commercial

2-1 vehicle shall be adjusted annually, using a reference base amount
2-2 of \$75. Each year the commissioner shall revise the maximum amount
2-3 allowed for a documentary fee by:

2-4 (1) dividing the reference base index into the
2-5 consumer price index at the end of the preceding year;

2-6 (2) computing the percentage of change under
2-7 Subdivision (1) to the nearest whole percent;

2-8 (3) multiplying the reference amount of \$75 by the
2-9 result obtained under Subdivision (2); and

2-10 (4) rounding the result obtained under Subdivision (3)
2-11 to the nearest \$5 increment.

2-12 (f) For purposes of a computation made under Subsection (e),
2-13 the consumer price index is the Consumer Price Index for Urban Wage
2-14 Earners and Clerical Workers: U.S. City Average, All Items,
2-15 1967=100, compiled by the Bureau of Labor Statistics, United States
2-16 Department of Labor, or, if that index is canceled or superseded,
2-17 the index chosen by the Bureau of Labor Statistics as most
2-18 accurately reflecting the changes in the purchasing power of the
2-19 dollar for consumers. The reference base index is the consumer
2-20 price index for December 2006. The revised ceiling amount provided
2-21 by Subsection (e) takes effect on July 1 of the year of its
2-22 computation.

2-23 (g) The commissioner shall publish the maximum amount that
2-24 may be charged for a documentary fee computed under Subsections (e)
2-25 and (f) in a manner designed to provide notice of the rate to all
2-26 affected parties.

2-27 SECTION 2. This Act takes effect immediately if it receives
2-28 a vote of two-thirds of all the members elected to each house, as
2-29 provided by Section 39, Article III, Texas Constitution. If this
2-30 Act does not receive the vote necessary for immediate effect, this
2-31 Act takes effect September 1, 2007.

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