

## **BILL ANALYSIS**

C.S.H.B. 365

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Pensions, Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Finance Commission of Texas is a nine-member board appointed by the governor for six-year terms. The commission is composed of one banking executive, one savings association or savings bank executive, one mortgage broker, one representative from the consumer credit industry, and five citizen members, at least one of whom must be a certified public accountant. The commission oversees the operations of the Texas Department of Banking, the Department of Savings and Mortgage Lending (SML), and the Office of Consumer Credit Commissioner (OCCC).

The Texas Department of Banking regulates 327 state-chartered banks with more than \$164 billion in assets, 22 trust companies, 9 foreign bank agencies, along with responsibilities in a number of "non-bank" entities, including money service businesses (services that provide money order and wire transfers), prepaid funeral providers, perpetual care cemeteries, private child-care enforcement agencies, and check verification entities. The SML regulates 28 savings banks with \$4 billion in assets. The SML also licenses and oversees mortgage brokers and registers mortgage bankers. The OCCC oversees non-depository lenders in Texas, including finance companies, payday lenders, motor vehicle sales finance companies, property tax lien lenders, and pawnshops.

The banking industry is significantly underrepresented on the commission for a variety of reasons. The following are the budgets of the three agencies in the current biennium: banking, \$17.8 million; SML, \$6.8 million; and OCCC, \$5.1 million. The following are the full-time employee equivalent counts of the three agencies in the current biennium: banking, 180; SML, 111; and OCCC, 80. The complexity of bank regulation is significant and requires substantial expertise. The banking industry is vitally important to the overall economic health and vitality of the Texas economy.

C.S.H.B. 365 adds one banking executive and one representative of the general public to the Finance Commission of Texas.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 365 amends the Finance Code to increase the membership of the Finance Commission of Texas from nine members to eleven members by increasing from one to two the number of members who must be banking executives and from five to six the number of members who must be representatives of the general public, and the bill staggers the terms of membership so that as near as possible to one-third of the members' terms expire February 1 of each even-numbered year. The bill requires the governor to appoint two additional members to the commission, one person to a term expiring February 1, 2012, and one person to a term expiring

February 1, 2014, as soon as practicable after the effective date of this bill.

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 365 increases the membership of the Finance Commission of Texas from nine members to eleven members by increasing from one to two the number of members who must be banking executives and from five to six the number of members who must be representatives of the general public, whereas the original achieves the increase to eleven members by adding two more members who must be banking executives.