

## **BILL ANALYSIS**

H.B. 1939  
By: Villarreal  
Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The 80th Legislature, Regular Session, 2007, passed H.B. 1344 by Representative Villarreal to regulate providers of refund anticipation loans (RAL). RALs are short term loans, usually at high interest rates, against expected income tax returns. The bill required RAL providers to register with the state and to provide certain information to clients. In order to provide an alternative to high-cost RALs, certain non-profit institutions have begun to offer RALs at zero percent interest with no fees. These products are motivated by the same concerns regarding high-cost RALS that motivated H.B. 1344; however, without collecting any fees or interest on the products, the providers have difficulty complying with some of the provisions of H.B. 1344. In particular, they face a difficult burden paying the state registration fee and paying the cost of translating the contract into Spanish for Spanish-speaking clients.

H.B. 1939 authorizes an RAL provider, if the provider charges neither interest nor a fee, to request and receive from the finance commission an exemption from the registration fee and the Spanish-language loan contract requirement. The provider must still provide a disclosure form with key information in Spanish, as currently required in statute.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Finance Commission of Texas in SECTIONS 1 and 3 of this bill.

### **ANALYSIS**

H.B. 1939 amends the Finance Code to authorize a person to claim an exemption from the registration processing fee and the Spanish-language printed loan contract requirement as they relate to a tax refund anticipation loan if the person will collect neither a fee nor interest for a refund anticipation loan during the calendar year in which the person seeks to act as a facilitator. The bill requires the person, to claim such an exemption, to file an application and establishes that such an exemption is effective on the filing of the application. The bill requires the Finance Commission of Texas to adopt rules establishing procedures for claiming an exemption and requires the rules to permit a facilitator to file a single application for an exemption for all locations included on the list provided to the consumer credit commissioner of Texas. The bill requires the commissioner to prescribe forms to apply for an exemption and, if the commissioner discovers that a person has wilfully claimed an exemption to which the person was not entitled, to assess an administrative penalty of \$100 for each location for which the person invalidly claimed an exemption.

H.B. 1939 enacts these provisions as amendments to Chapter 352, Finance Code, if the Act of the 81st Legislature, Regular Session, 2009, relating to nonsubstantive additions to and corrections in existing law (the general code update bill) becomes law or as amendments to Chapter 351, as added by Chapter 135 (H.B. 1344), Acts of the 80th Legislature, Regular Session, 2007, if the general code update bill does not become law.

**EFFECTIVE DATE**

September 1, 2009.