BILL ANALYSIS

H.B. 237
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Finance Commission of Texas currently is a nine-member board appointed by the governor whose members serve six-year terms. The commission is composed of one banking executive, one savings association or savings bank executive, one mortgage broker, one executive 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 more than 300 state-chartered banks with billions of dollars in assets and a number of trust companies and foreign bank agencies. The department also has some responsibilities with respect to certain non-bank entities, including money transfer service businesses, prepaid funeral providers, perpetual care cemeteries, private child-care enforcement agencies, and check verification entities. The SML regulates approximately 30 savings banks with several billion dollars in assets, 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 given the relative sizes of the three agency budgets and agency staffs and the extent and complexity of bank regulation, which requires a substantial degree of expertise. H.B. 237 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

H.B. 237 amends the Finance Code to increase the membership of the Finance Commission of Texas from nine to 11 members by increasing the number of members that must be banking executives from one to two and the number of members that must be representatives of the general public from five to six. The bill specifies that members serve staggered six-year terms, with as near as possible to one-third of the members' terms expiring February 1 of each even-numbered year, rather than one-third of the terms expiring February 1 of each even-numbered year. The bill requires the governor, in appointing the two additional members as soon as practicable after the bill's effective date, to appoint one person to a term expiring February 1, 2014, and one person to a term expiring February 1, 2016.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.