

BILL ANALYSIS

H.B. 2793
By: Hunter
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Observers note that certain entities, such as a retailer, grocery store, merchant, bank, or check processing company, holding a dishonored payment are allowed to charge the drawer or endorser a reasonable processing fee. The processing fee serves as a deterrent for writing bad checks and allows entities an opportunity to recover costs associated with the processing of bad checks.

There is concern that certain statutory language has created some confusion in the business community regarding what constitutes a reasonable processing fee. The goal of H.B. 2793 is to clarify current law and avoid any possible confusion regarding the reasonableness of the processing fee.

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. 2793 amends the Business & Commerce Code, in a provision authorizing a holder of a payment device, or certain other persons retained by the holder to seek collection of the face value of the dishonored payment device, on return of that device to the holder following dishonor of that device by a payor, to charge the drawer or indorser a reasonable processing fee of not more than \$30, to remove the specification that the fee be reasonable. The bill makes a nonsubstantive change.

EFFECTIVE DATE

September 1, 2011.