

BILL ANALYSIS

H.B. 3139
By: Anchia
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the annual fee for a pawnshop employee license is set by state law while the fees for certain other licenses issued by the Office of Consumer Credit Commissioner are set by rule. H.B. 3139 seeks to provide consistency in the determination of such fees by amending certain provisions of the Finance Code.

RULEMAKING AUTHORITY

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

ANALYSIS

H.B. 3139 amends the Finance Code to add licensing and examination fees relating to retail installment sales to the fees the Finance Commission of Texas is required by rule to set for purposes of recovering the costs of administering related provisions of law and adds a person licensed under provisions relating to retail installment sales to the persons from whom the consumer credit commissioner is authorized to provide for collection of a single annual fee that includes amounts due for both licensing and examination.

H.B. 3139 sets the interest rate ceiling at 21 percent a year for a retail charge agreement without a merchant discount. The bill specifies that provisions authorizing a lender, at the time or after a loan is made, to offer to sell to a borrower and finance a charge in a loan contract for an automobile club membership applies to a loan contract subject to provisions relating to interest.

H.B. 3139 specifies that provisions exempting from provisions relating to constitutional interest a loan providing for a rate of interest that is 10 percent a year or less applies to a loan providing for an effective rate of interest in that amount.

H.B. 3139 requires a time price differential authorized under provisions relating to a retail charge agreement, rather than under provisions relating to the market competitive rate ceiling, to be computed using the average daily balance method. The bill authorizes the holder of such an agreement to charge an amount that does not exceed 75 cents if the amount of a time price differential, otherwise authorized under provisions relating to a retail charge agreement, rather than provisions relating to the market competitive rate ceiling, for a billing cycle in which a balance is due is less than 75 cents a month.

H.B. 3139 removes the specification that a retail charge agreement that is authorized to provide for the payment of certain delinquency charges and related fees is a retail charge agreement that implements the market competitive rate ceiling. The bill changes the annual fee a holder of such an agreement who is not an authorized lender under provisions of law relating to consumer loans or a credit union is required to pay for each location at which a retail installment transaction is originated, serviced, or collected from \$10 to an amount determined under provisions of law relating to fees to carry out the powers and duties of the commissioner.

H.B. 3139 changes the annual fee a creditor who is not an authorized lender under provisions of law relating to consumer loans or a credit union is required to pay for each location at which a credit transaction is originated, serviced, or collected and the annual fee a pawnshop employee license holder is required to pay to the commissioner from \$15 to an amount determined under provisions of law relating to fees to carry out the powers and duties of the commissioner. The bill makes conforming and nonsubstantive changes.

H.B. 3139 repeals Section 345.153, Finance Code, requiring the commissioner to send to the secretary of state the market competitive rate ceiling for publication in the first publication of the Texas Register after September 1 of each year.

EFFECTIVE DATE

September 1, 2011.