

BILL ANALYSIS

H.B. 2459
By: Thompson, Senfronia
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recently enacted legislation allowed debt cancellation agreements to be sold and financed in connection with motor vehicle retail installment contracts. However, interested parties contend that the new law provides no specific requirements or restrictions for product pricing and uses only an undefined commercially reasonable standard. H.B. 2459 seeks to address the ambiguity in current law regarding the amount charged for certain debt cancellation agreements that are made in connection with a motor vehicle retail installment contract.

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. 2459 amends the Finance Code to cap the amount charged for a debt cancellation agreement that includes insurance coverage as part of the retail buyer's responsibility to the holder and that is made in connection with a retail installment contract for a motor vehicle sale at five percent of the amount financed pursuant to the contract, rather than requiring that amount to be created in good faith and be commercially reasonable.

EFFECTIVE DATE

September 1, 2013.