

BILL ANALYSIS

S.B. 422
By: Duncan
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The purpose of process service requirements is to ensure that parties are given proper notice of matters relating to claims faced by various entities. Without such properly executed service, a party to a claim may miss important deadlines or be subject to a default judgment because of faulty handling of important legal documents by an untrained employee of the entity. In the past, process service requirements for claims against a financial institution, such as banks and credit unions, were different from those for registered corporations. Legislation addressed that difference, and process service requirements for claims against a financial institution are now required to be served on an institution's registered agent. However, interested parties contend that it is not clear that such requirements apply to claims against a customer of a financial institution, including claims for wage garnishment, IRS levies, and judicial liens.

S.B. 422 seeks to clarify the ambiguity in current statutes that may allow for such process to be served on locations that might not be equipped and to employees who might not be trained to handle legal documents.

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

S.B. 422 amends the Civil Practice and Remedies Code to clarify, in statutory provisions governing service of citation on a financial institution, that service on and delivery to a financial institution of claims against a customer of the financial institution are governed by specified Finance Code provisions relating to such claims.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.