

BILL ANALYSIS

S.B. 1248
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Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law establishes that \$50 is the maximum amount a dealer can charge as a documentary fee for preparing and processing certain documents associated with the sale of a motorcycle, motor-driven cycle, moped, all-terrain vehicle, boat, boat motor, boat trailer, or towable recreational vehicle. Interested parties report that in the years following the establishment of this fee, the federal government has mandated that dealers undertake certain procedures developing technical, administrative, and physical safeguards to protect customer information, among other things. There are concerns that dealers have absorbed the additional costs of these federal mandates. S.B. 1248 seeks to relieve the burden placed on those dealers.

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

S.B. 1248 amends the Finance Code to authorize a retail seller to charge a documentary fee for services rendered to, for, or on behalf of a retail buyer in handling and processing the sale of a motorcycle, motor-driven cycle, moped, all-terrain vehicle, boat, boat motor, boat trailer, or towable recreational vehicle and removes provisions relating to a retail seller's authorization to charge a documentary fee for preparing documents relating to such a sale and for rendering services in closing a retail installment transaction involving such vehicles. The bill limits the documentary fee to a reasonable amount agreed to by the retail seller and retail buyer for the documentary services subject to a reasonable maximum amount set by Finance Commission of Texas rule, rather than capping the fee at \$50. The bill makes disclosure of the fee on a buyer's order an option for meeting the fee disclosure requirement. The bill authorizes the finance commission to adopt rules necessary to implement and enforce the bill's provisions.

EFFECTIVE DATE

September 1, 2013.