

BILL ANALYSIS

C.S.H.B. 3419
By: Lucio III
Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that there is a gap in the consumer loan market that makes it difficult for some customers to obtain installment loans within a certain dollar range. C.S.H.B. 3419 seeks to close this gap.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 3419 amends the Finance Code to raise from \$200 to \$300 the cap on the reference base amount used in the computation of the maximum cash advance of a consumer loan that may provide for an acquisition charge that is not more than \$10 and an installment account handling charge that is not more than the ratio of \$4 a month for each \$100 of cash advance.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3419 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 342.251, Finance Code, is amended to read as follows:
Sec. 342.251. MAXIMUM CASH ADVANCE. The maximum cash advance of a loan made under this subchapter is an amount computed under Subchapter C, Chapter 341, using the reference base amount of \$100, except that for loans that

HOUSE COMMITTEE SUBSTITUTE

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Sec. 342.251. MAXIMUM CASH ADVANCE. The maximum cash advance of a loan made under this subchapter is an amount computed under Subchapter C, Chapter 341, using the reference base amount of \$100, except that for loans that

are subject to Section 342.259 the reference base amount is ~~\$500~~ [\$200].

SECTION 2. Section 342.259(a), Finance Code, is amended to read as follows:

(a) Instead of the charges authorized by Sections 342.201 and 342.252, a loan made under this subchapter with a maximum cash advance computed under Subchapter C, Chapter 341, using a reference base amount that is more than \$100 but not more than ~~\$500~~ [\$200], may provide for:

- (1) an acquisition charge that is not more than \$10; and
- (2) an installment account handling charge that is not more than the ratio of \$4 a month for each \$100 of cash advance.

SECTION 3. The changes in law made by this Act apply only to a loan made on or after the effective date of this Act. A loan made before the effective date of this Act is governed by the law in effect on the date the loan was made, and the former law is continued in effect for that purpose.

SECTION 4. This Act takes effect September 1, 2017.

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- (1) an acquisition charge that is not more than \$10; and
- (2) an installment account handling charge that is not more than the ratio of \$4 a month for each \$100 of cash advance.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.