

## **BILL ANALYSIS**

C.S.H.B. 996  
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Pensions, Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There are concerns about debt buyers and debt collectors threatening litigation against a consumer for the purpose of collecting a debt for which the statute of limitations has expired. C.S.H.B. 996 seeks to address these concerns by prohibiting debt buyers from commencing an action against or initiating arbitration with a consumer to collect a debt after a certain period.

### **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. 996 amends the Finance Code to prohibit an applicable debt buyer from directly or indirectly commencing an action against or initiating arbitration with a consumer to collect a consumer debt after the expiration of the four-year limitations period prescribed for debt under the Civil Practice and Remedies Code. The bill establishes that the cause of such a prohibited action to collect a consumer debt is not revived by a payment of the consumer debt, an oral or written reaffirmation of the consumer debt, or any other activity on the consumer debt.

C.S.H.B. 996 requires a debt buyer or a debt collector acting on behalf of the debt buyer that is engaged in debt collection for a consumer debt for which an action to collect the debt is prohibited by the bill to provide a notice in the initial written communication with the consumer relating to the debt collection. The bill prescribes the form and content of the notice based on whether the reporting period for including the consumer debt in a consumer report prepared by a consumer reporting agency has expired and whether the debt buyer furnishes information regarding the consumer debt to a consumer reporting agency. The bill's provisions relating to the collection of certain consumer debt by debt buyers prevail to the extent of any conflict between those provisions and any other state law, unless otherwise expressly provided.

C.S.H.B. 996 exempts a violation of the bill's provisions from the criminal penalty imposed on violations relating to debt collection.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 996 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a provision exempting a violation of the bill's provisions from consideration as a deceptive trade practice under applicable state law.

The substitute makes a clarifying change regarding the statute of limitations applicable to a debt buyer commencing an action against or initiating an arbitration with a consumer to collect a consumer debt.