

BILL ANALYSIS

Senate Research Center
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S.B. 37
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas is one of 19 states that can bar professional license holders, including teachers, social workers, nurses, physicians, and attorneys from renewing their professional licenses if they are in default on student loans. Proponents of these laws when they were created believed them to be in the taxpayer's interest, as many student loans are guaranteed by the state or federal government, which foots the bill if borrowers default. In reality, however, such laws often have been counterproductive. By threatening a person's ability to work by suspending or failing to renew his or her professional license, such policies not only threaten a person's employment and financial security, but also inhibit his or her ability to repay the student loan debt. Such tactics are especially unnecessary today, when lenders and loan guarantors have an array of tools they could use to pressure borrowers into repayment, including by creating repayment plans, filing lawsuits, garnishing wages, and seizing tax refunds.

S.B. 37 would eliminate state agencies' authority to deny, revoke, suspend, or fail to renew a professional license due to the licensee or applicant being in default on a student loan. Specifically, it would eliminate all statutory references to this policy and effectively render any agency rules to the same effect inoperative.

As proposed, S.B. 37 amends current law relating to the abolition of student loan default or breach of a student loan repayment or scholarship contract as a ground for nonrenewal or other disciplinary action in relation to a professional or occupational license.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Lottery Commission is modified in SECTION 2 (Section 466.155, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 157.015(g), Finance Code, as follows:

(g) Authorizes the savings and mortgage lending commissioner (commissioner) to deny the renewal application for a residential mortgage loan originator license if:

(1) makes no changes to this subdivision;

(2) makes a nonsubstantive change; or

(3) during the term of the license, the commissioner becomes aware of any fact, other than a default on a student loan administered by the Texas Guaranteed Student Loan Corporation, that would have been grounds for denial of an original license if the fact had been known by the commissioner on the date the license was granted. Deletes existing text authorizing the commissioner to deny a renewal application for a residential mortgage loan originator license if the person seeking the renewal of the license is in default on a student loan administered by the Texas Guaranteed Student Loan Corporation under Section 57.491, Education Code, and redesignates existing Subdivision (4) as Subdivision (3).

SECTION 2. Amends Sections 466.155(a) and (g), Government Code, as follows:

(a) Requires the director of the lottery division (director), after a hearing, to deny an application for a license or the Texas Lottery Commission (commission) to suspend or revoke a license if the director or commission, as applicable, finds that the applicant or sales agent:

(1)–(2) makes no changes to these subdivisions;

(3) deletes existing text relating to the individual being in default on a loan made under Chapter 52 (Student Loan Program), Education Code, or in default on a loan guaranteed under Chapter 57 (Guaranteed Student Loans), Education Code, and makes nonsubstantive changes; or

(4)–(5) makes no changes to these subdivisions.

(g) Deletes existing text that included the Texas Higher Education Coordinating Board and the Texas Guaranteed Student Loan Corporation among a list of entities required to provide the executive director of the commission with a report of persons who have been finally determined to be delinquent in the payment of any money owed to or collected by that agency.

SECTION 3. Repealer: Section 57.491 (Loan Default Ground for Nonrenewal of Professional or Occupational License), Education Code.

Repealer: Section 82.022(c) (relating to the nonrenewal of the license of a lawyer who is in default on a loan), Government Code.

Repealer: Section 154.110(e) (relating to the nonrenewal of the certification of a court reporter who is in default on a loan), Government Code.

Repealer: Chapter 56 (Action Against Recipients of Student Financial Assistance), Occupations Code.

SECTION 4. Effective date: upon passage or September 1, 2019.