

BILL ANALYSIS

Senate Research Center
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S.B. 296
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 296 seeks to prevent state agencies from denying or revoking occupational licenses from individuals who have defaulted on student loans. Under current law, state agencies are prohibited from issuing or renewing a license to individuals who have defaulted on guaranteed student loans. To help enforce this provision, agencies are also required by law to provide licensee and applicant lists to private entities to be checked against borrower data, which can be administratively burdensome on these agencies.

Without a license, these individuals are unable to work in their chosen profession, which can hinder their ability to pay off existing debt. Further, using this method of debt collection can also work at cross-purposes with more traditional debt collection tools such as wage garnishment, and can ultimately trap borrowers in a downward cycle of debt.

To address this problem, S.B. 296 eliminates the provisions in statute requiring state agencies from denying or revoking occupational licenses from individuals who have defaulted on student loans. It also will no longer require state agencies to submit applicant and licensee data to the Texas Guaranteed Student Loan Corporation.

As proposed, S.B. 296 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 and to certain duties of state agencies and political subdivisions in relation to delinquent or defaulted student loans.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to each licensing agency that issues or renews a license is rescinded in SECTION 5 (Section 57.491, Education Code) of this bill.

Rulemaking authority previously granted to the Supreme Court of Texas (supreme court) is rescinded in SECTION 5 (Section 82.022(c), Government Code) of this bill.

Rulemaking authority previously granted to the supreme court and the Judicial Branch Certification Commission is rescinded in SECTION 5 (Section 154.110, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 57.49, Education Code, as follows:

Sec. 57.49. COOPERATION OF STATE AGENCIES AND SUBDIVISIONS. Deletes existing text requiring each agency and political subdivision of the state to provide information on request to assist the Texas Guaranteed Student Loan Corporation (TGSLC) in curing delinquent loans and collecting defaulted loans.

SECTION 2. Amends Subchapter C, Chapter 57, Education Code, by adding Section 57.492, as follows:

Sec. 57.492. PROHIBITION AGAINST DENIAL OR NONRENEWAL OF PROFESSIONAL OR OCCUPATIONAL LICENSE FOR STUDENT LOAN DEFAULT; DUTIES OF LICENSING AGENCY. (a) Defines "license," "licensee," and "licensing agency."

(b) Prohibits a licensing agency from denying the issuance of a license to a person or the renewal of a person's license based solely on the default status of the person's student loan guaranteed by TGSLC.

(c) Requires a licensing agency to cooperate with TGSLC in providing information to a licensee concerning student financial aid, including information about loan default prevention.

(d) Provides that a licensing agency is not required to assist TGSLC in curing delinquent loans, or collecting defaulted loans, including by providing licensee lists to TGSLC.

SECTION 3. 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 to this subdivision;

(3) deletes existing text authorizing the commissioner to deny the renewal application for a residential mortgage loan originator license if the person seeking the renewal of the residential mortgage loan originator license is in default on a student loan administered by TGSLC, under Section 57.491 (Loan Default Ground for Nonrenewal of Professional or Occupational License), Education Code, and redesignates text of existing Subdivision (4) as Subdivision (3).

SECTION 4. Amends Sections 466.155(a) and (g), Government Code, as follows:

(a) Requires, after a hearing, the director of the lottery division (director) established by the Texas Lottery Commission (commission) to deny an application for a license or requires the commission to 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) has been finally determined to be delinquent in the payment of a tax or other money collected by the comptroller, the Texas Workforce Commission (TWC), or the Texas Alcoholic Beverage Commission (TABC). Deletes existing text requiring the director to deny an application for a license or the commission to suspend or revoke a license if the applicant or sales agent has been finally determined to be 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.

(g) Deletes existing text that included the Texas Higher Education Coordinating Board and TGSLC among a list of entities required to provide the executive director of the Texas Lottery 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 5. Repealer: Section 57.491 (Loan Default Ground for Nonrenewal of Professional or Occupational License), Education Code.

Repealer: Section 82.022(c) (relating to requiring the Supreme Court of Texas (supreme court) to adopt rules relating to the nonrenewal of the license of a lawyer who is in default on a guaranteed loan), Government Code.

Repealer: Section 154.110(e) (relating to authorizing the supreme court to authorize and authorizing the commissioner to adopt rules relating to the nonrenewal of the certification of a court reporter who is in default on a loan guaranteed by TGSLC), Government Code.

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

SECTION 6. Effective date: upon passage or September 1, 2019.