

1-1 By: Collier, et al. (Senate Sponsor - Paxton) H.B. No. 996  
 1-2 (In the Senate - Received from the House April 11, 2019;  
 1-3 April 15, 2019, read first time and referred to Committee on  
 1-4 Business & Commerce; May 20, 2019, reported adversely, with  
 1-5 favorable Committee Substitute by the following vote: Yeas 7,  
 1-6 Nays 0; May 20, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15	X			
1-16			X	
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 996 By: Paxton

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to the collection of consumer debt by debt buyers.  
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-23 SECTION 1. This Act shall be known as the Fair Consumer Debt  
 1-24 Collection Act.  
 1-25 SECTION 2. Subchapter D, Chapter 392, Finance Code, is  
 1-26 amended by adding Section 392.307 to read as follows:  
 1-27 Sec. 392.307. COLLECTION OF CERTAIN CONSUMER DEBT BY DEBT  
 1-28 BUYERS. (a) In this section:  
 1-29 (1) "Charged-off debt" means a consumer debt that a  
 1-30 creditor has determined to be a loss or expense to the creditor  
 1-31 instead of an asset.  
 1-32 (2) "Debt buyer" means a person who purchases or  
 1-33 otherwise acquires a consumer debt from a creditor or other  
 1-34 subsequent owner of the consumer debt, regardless of whether the  
 1-35 person collects the consumer debt, hires a third party to collect  
 1-36 the consumer debt, or hires an attorney to pursue collection  
 1-37 litigation in connection with the consumer debt. The term does not  
 1-38 include:  
 1-39 (A) a person who acquires in-default or  
 1-40 charged-off debt that is incidental to the purchase of a portfolio  
 1-41 that predominantly consists of consumer debt that has not been  
 1-42 charged off; or  
 1-43 (B) a check services company that acquires the  
 1-44 right to collect on a paper or electronic negotiable instrument,  
 1-45 including an Automated Clearing House (ACH) authorization to debit  
 1-46 an account that has not been processed.  
 1-47 (b) Unless otherwise expressly provided, this section  
 1-48 prevails to the extent of any conflict between this section and any  
 1-49 other law of this state.  
 1-50 (c) A debt buyer may not, directly or indirectly, commence  
 1-51 an action against or initiate arbitration with a consumer to  
 1-52 collect a consumer debt after the expiration of the applicable  
 1-53 limitations period provided by Section 16.004, Civil Practice and  
 1-54 Remedies Code, or Section 3.118, Business & Commerce Code.  
 1-55 (d) If an action to collect a consumer debt is barred under  
 1-56 Subsection (c), the cause of action is not revived by a payment of  
 1-57 the consumer debt, an oral or written reaffirmation of the consumer  
 1-58 debt, or any other activity on the consumer debt.  
 1-59 (e) If a debt buyer is engaged in debt collection for a  
 1-60 consumer debt for which an action to collect the debt is barred

2-1 under Subsection (c), the debt buyer, or a debt collector acting on  
2-2 behalf of the debt buyer, shall provide the following notice in the  
2-3 initial written communication with the consumer relating to the  
2-4 debt collection:

2-5 (1) if the reporting period for including the consumer  
2-6 debt in a consumer report prepared by a consumer reporting agency  
2-7 has not expired under Section 605, Fair Credit Reporting Act (15  
2-8 U.S.C. Section 1681c), and the debt buyer furnishes to a consumer  
2-9 reporting agency information regarding the consumer debt, "THE LAW  
2-10 LIMITS HOW LONG YOU CAN BE SUED ON A DEBT. BECAUSE OF THE AGE OF  
2-11 YOUR DEBT, WE WILL NOT SUE YOU FOR IT. IF YOU DO NOT PAY THE DEBT,  
2-12 [INSERT NAME OF DEBT BUYER] MAY CONTINUE TO REPORT IT TO CREDIT  
2-13 REPORTING AGENCIES AS UNPAID FOR AS LONG AS THE LAW PERMITS THIS  
2-14 REPORTING. THIS NOTICE IS REQUIRED BY LAW.";

2-15 (2) if the reporting period for including the consumer  
2-16 debt in a consumer report prepared by a consumer reporting agency  
2-17 has not expired under Section 605, Fair Credit Reporting Act (15  
2-18 U.S.C. Section 1681c), but the debt buyer does not furnish to a  
2-19 consumer reporting agency information regarding the consumer debt,  
2-20 "THE LAW LIMITS HOW LONG YOU CAN BE SUED ON A DEBT. BECAUSE OF THE  
2-21 AGE OF YOUR DEBT, WE WILL NOT SUE YOU FOR IT. THIS NOTICE IS  
2-22 REQUIRED BY LAW."; or

2-23 (3) if the reporting period for including the consumer  
2-24 debt in a consumer report prepared by a consumer reporting agency  
2-25 has expired under Section 605, Fair Credit Reporting Act (15 U.S.C.  
2-26 Section 1681c), "THE LAW LIMITS HOW LONG YOU CAN BE SUED ON A DEBT.  
2-27 BECAUSE OF THE AGE OF YOUR DEBT, WE WILL NOT SUE YOU FOR IT, AND WE  
2-28 WILL NOT REPORT IT TO ANY CREDIT REPORTING AGENCY. THIS NOTICE IS  
2-29 REQUIRED BY LAW."

2-30 (f) A notice required under Subsection (e) must be in at  
2-31 least 12-point type that is boldfaced, capitalized, or underlined  
2-32 or otherwise conspicuously set out from the surrounding written  
2-33 material.

2-34 SECTION 3. Section 392.402, Finance Code, is amended by  
2-35 amending Subsection (a) and adding Subsection (d) to read as  
2-36 follows:

2-37 (a) Except as provided by Subsection (d), a [A] person  
2-38 commits an offense if the person violates this chapter.

2-39 (d) This section does not apply to a violation of Section  
2-40 392.307.

2-41 SECTION 4. The changes in law made by this Act apply only to  
2-42 an action of a debt buyer to collect a consumer debt if the action  
2-43 occurs on or after the effective date of this Act. An action of a  
2-44 debt buyer to collect a consumer debt that occurs before the  
2-45 effective date of this Act is governed by the law in effect  
2-46 immediately before that date, and the former law is continued in  
2-47 effect for that purpose.

2-48 SECTION 5. This Act takes effect September 1, 2019.

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