

By: Raney

H.B. No. 2635

A BILL TO BE ENTITLED

AN ACT

relating to a prohibition on the use of student loan default or breach of a student loan repayment or scholarship contract as a ground for refusal to grant or renew an occupational license or other disciplinary action in relation to an occupational license.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Chapter 56, Occupations Code, is amended to read as follows:

CHAPTER 56. DISCIPLINARY ACTION AGAINST RECIPIENTS OF STUDENT FINANCIAL ASSISTANCE PROHIBITED

SECTION 2. Sections 56.001(3), (4), (5), and (6), Occupations Code, are amended to read as follows:

(3) "Licensing authority" means a department, commission, board, office, or other agency of the state or of a political subdivision of the state that issues a license.

(4) "Scholarship contract" means an agreement by this state, an agency of this state, a political subdivision of this state, or the United States to make a grant to a person to support the person while attending a public or private institution of higher education or other postsecondary educational establishment in exchange for the person's agreement to perform a service obligation.

(5) "Student loan" means a loan made to a person by a public or private entity to support the person while attending a

1 public or private institution of higher education or other
2 postsecondary educational establishment [~~that is:~~

3 [~~(A) owed to this state, an agency of this state,~~
4 ~~or the United States; or~~

5 [~~(B) guaranteed by this state, an agency of this~~
6 ~~state, or the United States]~~.

7 (6) "Student loan repayment contract" means an
8 agreement by this state, an agency of this state, a political
9 subdivision of this state, or the United States to repay all or part
10 of a person's student loan in exchange for the person's agreement to
11 perform a service obligation.

12 SECTION 3. Section 56.003, Occupations Code, is amended to
13 read as follows:

14 Sec. 56.003. DISCIPLINARY [~~AUTHORITY TO TAKE~~] ACTION IN
15 EVENT OF DEFAULT OR BREACH PROHIBITED. A [~~On receipt of information~~
16 ~~from an administering entity that a person has defaulted on a~~
17 ~~student loan or has breached a student loan repayment contract or~~
18 ~~scholarship contract by failing to perform the person's service~~
19 ~~obligation under the contract, a]~~ licensing authority may not take
20 disciplinary action against a person based on the person's default
21 on a student loan or breach of a student loan repayment contract or
22 scholarship contract, including by:

23 (1) denying [~~deny~~] the person's application for a
24 license or license renewal;

25 (2) suspending [~~suspend~~] the person's license; or

26 (3) taking [~~take~~] other disciplinary action against
27 the person.

1 SECTION 4. Section 157.015(g), Finance Code, is amended to
2 read as follows:

3 (g) The commissioner may deny the renewal application for a
4 residential mortgage loan originator license if:

5 (1) the person seeking the renewal of the residential
6 mortgage loan originator license is in violation of this chapter,
7 Chapter 156, or Chapter 180, an applicable rule adopted under this
8 chapter, Chapter 156, or Chapter 180, or any order previously
9 issued to the person by the commissioner;

10 (2) the person seeking renewal of the residential
11 mortgage loan originator license is in default in the payment of any
12 administrative penalty, fee, charge, or other indebtedness owed
13 under this title; or

14 ~~(3) [the person seeking the renewal of the residential~~
15 ~~mortgage loan originator license is in default on a student loan~~
16 ~~administered by the Texas Guaranteed Student Loan Corporation,~~
17 ~~under Section 57.491, Education Code, or~~

18 ~~[(4)]~~ during the current term of the license, the
19 commissioner becomes aware of any fact that would have been grounds
20 for denial of an original license if the fact had been known by the
21 commissioner on the date the license was granted.

22 SECTION 5. Sections 466.155(a) and (g), Government Code,
23 are amended to read as follows:

24 (a) After a hearing, the director shall deny an application
25 for a license or the commission shall suspend or revoke a license if
26 the director or commission, as applicable, finds that the applicant
27 or sales agent:

1 (1) is an individual who:

2 (A) has been convicted of a felony, criminal
3 fraud, gambling or a gambling-related offense, or a misdemeanor
4 involving moral turpitude, if less than 10 years has elapsed since
5 the termination of the sentence, parole, mandatory supervision, or
6 probation served for the offense;

7 (B) is or has been a professional gambler;

8 (C) is married to an individual:

9 (i) described in Paragraph (A) or (B); or

10 (ii) who is currently delinquent in the
11 payment of any state tax;

12 (D) is an officer or employee of the commission
13 or a lottery operator; or

14 (E) is a spouse, child, brother, sister, or
15 parent residing as a member of the same household in the principal
16 place of residence of a person described by Paragraph (D);

17 (2) is not an individual, and an individual described
18 in Subdivision (1):

19 (A) is an officer or director of the applicant or
20 sales agent;

21 (B) holds more than 10 percent of the stock in the
22 applicant or sales agent;

23 (C) holds an equitable interest greater than 10
24 percent in the applicant or sales agent;

25 (D) is a creditor of the applicant or sales agent
26 who holds more than 10 percent of the applicant's or sales agent's
27 outstanding debt;

1 (E) is the owner or lessee of a business that the
2 applicant or sales agent conducts or through which the applicant
3 will conduct a ticket sales agency;

4 (F) shares or will share in the profits, other
5 than stock dividends, of the applicant or sales agent; or

6 (G) participates in managing the affairs of the
7 applicant or sales agent;

8 (3) has been finally determined to be[+]

9 [~~(A)~~] delinquent in the payment of a tax or other
10 money collected by the comptroller, the Texas Workforce Commission,
11 or the Texas Alcoholic Beverage Commission;

12 [~~(B) in default on a loan made under Chapter 52,~~
13 ~~Education Code, or~~

14 [~~(C) in default on a loan guaranteed under~~
15 ~~Chapter 57, Education Code,~~]

16 (4) is a person whose location for the sales agency is:

17 (A) a location licensed for games of bingo under
18 Chapter 2001, Occupations Code;

19 (B) on land that is owned by:

20 (i) this state; or

21 (ii) a political subdivision of this state
22 and on which is located a public primary or secondary school, an
23 institution of higher education, or an agency of the state; or

24 (C) a location for which a person holds a wine and
25 beer retailer's permit, mixed beverage permit, mixed beverage late
26 hours permit, private club registration permit, or private club
27 late hours permit issued under Chapter 25, 28, 29, 32, or 33,

1 Alcoholic Beverage Code, other than a location for which a person
2 holds a wine and beer retailer's permit issued under Chapter 25,
3 Alcoholic Beverage Code, that derives less than 30 percent of the
4 location's gross receipts from the sale or service of alcoholic
5 beverages; or

6 (5) has violated this chapter or a rule adopted under
7 this chapter.

8 (g) For purposes of Subsection (a)(3), the comptroller,
9 Texas Workforce Commission, and Texas Alcoholic Beverage
10 Commission[, ~~Texas Higher Education Coordinating Board, and Texas~~
11 ~~Guaranteed Student Loan Corporation~~] shall each provide the
12 executive director with a report of persons who have been finally
13 determined to be delinquent in the payment of any money owed to or
14 collected by that agency. The commission shall adopt rules
15 regarding the form and frequency of reports under this subsection.

16 SECTION 6. The following laws are repealed:

- 17 (1) Section 57.491, Education Code;
18 (2) Section 82.022(c), Government Code;
19 (3) Section 154.110(e), Government Code; and
20 (4) Sections 56.001(1), 56.002, 56.004, 56.005, and
21 56.006, Occupations Code.

22 SECTION 7. A disciplinary action proceeding under Chapter
23 56, Occupations Code, that was initiated before the effective date
24 of this Act and that is pending on the effective date of this Act is
25 terminated on that date.

26 SECTION 8. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2019.