

1-1 By: Zaffirini, Campbell, Menéndez S.B. No. 37  
 1-2 (In the Senate - Filed November 12, 2018; February 1, 2019,  
 1-3 read first time and referred to Committee on Business & Commerce;  
 1-4 April 9, 2019, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 8, Nays 1; April 9, 2019,  
 1-6 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 S.B. No. 37 By: Zaffirini

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

1-21 relating to a prohibition on the use of student loan default or  
 1-22 breach of a student loan repayment or scholarship contract as a  
 1-23 ground for refusal to grant or renew an occupational license or  
 1-24 other disciplinary action in relation to an occupational license.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. The heading to Chapter 56, Occupations Code, is  
 1-27 amended to read as follows:

1-28 CHAPTER 56. DISCIPLINARY ACTION AGAINST RECIPIENTS OF STUDENT  
 1-29 FINANCIAL ASSISTANCE PROHIBITED

1-30 SECTION 2. Sections 56.001(3), (4), (5), and (6),  
 1-31 Occupations Code, are amended to read as follows:

1-32 (3) "Licensing authority" means a department,  
 1-33 commission, board, office, or other agency of the state or of a  
 1-34 political subdivision of the state that issues a license.

1-35 (4) "Scholarship contract" means an agreement by this  
 1-36 state, an agency of this state, a political subdivision of this  
 1-37 state, or the United States to make a grant to a person to support  
 1-38 the person while attending a public or private institution of  
 1-39 higher education or other postsecondary educational establishment  
 1-40 in exchange for the person's agreement to perform a service  
 1-41 obligation.

1-42 (5) "Student loan" means a loan made to a person by a  
 1-43 public or private entity to support the person while attending a  
 1-44 public or private institution of higher education or other  
 1-45 postsecondary educational establishment ~~[that is:~~

1-46 ~~[(A) owed to this state, an agency of this state,~~  
 1-47 ~~or the United States, or~~

1-48 ~~[(B) guaranteed by this state, an agency of this~~  
 1-49 ~~state, or the United States].~~

1-50 (6) "Student loan repayment contract" means an  
 1-51 agreement by this state, an agency of this state, a political  
 1-52 subdivision of this state, or the United States to repay all or part  
 1-53 of a person's student loan in exchange for the person's agreement to  
 1-54 perform a service obligation.

1-55 SECTION 3. Section 56.003, Occupations Code, is amended to  
 1-56 read as follows:

1-57 Sec. 56.003. DISCIPLINARY ~~[AUTHORITY TO TAKE]~~ ACTION IN  
 1-58 EVENT OF DEFAULT OR BREACH PROHIBITED. ~~A [On receipt of information~~  
 1-59 ~~from an administering entity that a person has defaulted on a~~  
 1-60 ~~student loan or has breached a student loan repayment contract or~~

2-1 ~~scholarship contract by failing to perform the person's service~~  
2-2 ~~obligation under the contract, a] licensing authority may not take~~  
2-3 ~~disciplinary action against a person based on the person's default~~  
2-4 ~~on a student loan or breach of a student loan repayment contract or~~  
2-5 ~~scholarship contract, including by:~~

- 2-6 (1) denying [~~deny~~] the person's application for a
- 2-7 license or license renewal;
- 2-8 (2) suspending [~~suspend~~] the person's license; or
- 2-9 (3) taking [~~take~~] other disciplinary action against
- 2-10 the person.

2-11 SECTION 4. Sections 157.015(f) and (g), Finance Code, are  
2-12 amended to read as follows:

2-13 (f) The commissioner may deny the renewal application for a  
2-14 residential mortgage loan originator license for the same reasons  
2-15 and grounds on which the commissioner could have denied an original  
2-16 application for a license, other than on the basis of the person's  
2-17 default on a student loan.

2-18 (g) The commissioner may deny the renewal application for a  
2-19 residential mortgage loan originator license if:

2-20 (1) the person seeking the renewal of the residential  
2-21 mortgage loan originator license is in violation of this chapter,  
2-22 Chapter 156, or Chapter 180, an applicable rule adopted under this  
2-23 chapter, Chapter 156, or Chapter 180, or any order previously  
2-24 issued to the person by the commissioner;

2-25 (2) the person seeking renewal of the residential  
2-26 mortgage loan originator license is in default in the payment of any  
2-27 administrative penalty, fee, charge, or other indebtedness owed  
2-28 under this title; or

2-29 (3) [~~the person seeking the renewal of the residential~~  
2-30 ~~mortgage loan originator license is in default on a student loan~~  
2-31 ~~administered by the Texas Guaranteed Student Loan Corporation,~~  
2-32 ~~under Section 57.491, Education Code; or~~

2-33 [~~(4)~~] during the current term of the license, the  
2-34 commissioner becomes aware of any fact that would have been grounds  
2-35 for denial of an original license if the fact had been known by the  
2-36 commissioner on the date the license was granted.

2-37 SECTION 5. Section 180.055(d), Finance Code, is amended to  
2-38 read as follows:

2-39 (d) For purposes of Subsection (a)(3), an individual is  
2-40 considered not to be financially responsible if the individual has  
2-41 shown a lack of regard in managing the individual's own financial  
2-42 affairs or condition. A determination that an individual has not  
2-43 shown financial responsibility may not be based on the individual's  
2-44 default on a student loan but may include:

2-45 (1) an outstanding judgment against the individual,  
2-46 other than a judgment imposed solely as a result of medical  
2-47 expenses;

2-48 (2) an outstanding tax lien or other governmental  
2-49 liens and filings;

2-50 (3) a foreclosure during the three-year period  
2-51 preceding the date of the license application; and

2-52 (4) a pattern of seriously delinquent accounts, other  
2-53 than student loan accounts, during the three-year period preceding  
2-54 the date of the application.

2-55 SECTION 6. Sections 466.155(a) and (g), Government Code,  
2-56 are amended to read as follows:

2-57 (a) After a hearing, the director shall deny an application  
2-58 for a license or the commission shall suspend or revoke a license if  
2-59 the director or commission, as applicable, finds that the applicant  
2-60 or sales agent:

2-61 (1) is an individual who:

2-62 (A) has been convicted of a felony, criminal  
2-63 fraud, gambling or a gambling-related offense, or a misdemeanor  
2-64 involving moral turpitude, if less than 10 years has elapsed since  
2-65 the termination of the sentence, parole, mandatory supervision, or  
2-66 probation served for the offense;

2-67 (B) is or has been a professional gambler;

2-68 (C) is married to an individual:

2-69 (i) described in Paragraph (A) or (B); or

3-1 (ii) who is currently delinquent in the  
3-2 payment of any state tax;  
3-3 (D) is an officer or employee of the commission  
3-4 or a lottery operator; or  
3-5 (E) is a spouse, child, brother, sister, or  
3-6 parent residing as a member of the same household in the principal  
3-7 place of residence of a person described by Paragraph (D);  
3-8 (2) is not an individual, and an individual described  
3-9 in Subdivision (1):  
3-10 (A) is an officer or director of the applicant or  
3-11 sales agent;  
3-12 (B) holds more than 10 percent of the stock in the  
3-13 applicant or sales agent;  
3-14 (C) holds an equitable interest greater than 10  
3-15 percent in the applicant or sales agent;  
3-16 (D) is a creditor of the applicant or sales agent  
3-17 who holds more than 10 percent of the applicant's or sales agent's  
3-18 outstanding debt;  
3-19 (E) is the owner or lessee of a business that the  
3-20 applicant or sales agent conducts or through which the applicant  
3-21 will conduct a ticket sales agency;  
3-22 (F) shares or will share in the profits, other  
3-23 than stock dividends, of the applicant or sales agent; or  
3-24 (G) participates in managing the affairs of the  
3-25 applicant or sales agent;  
3-26 (3) has been finally determined to be~~+~~  
3-27 ~~[(A)] delinquent in the payment of a tax or other~~  
3-28 ~~money collected by the comptroller, the Texas Workforce Commission,~~  
3-29 ~~or the Texas Alcoholic Beverage Commission;~~  
3-30 ~~[(B) in default on a loan made under Chapter 52,~~  
3-31 ~~Education Code; or~~  
3-32 ~~[(C) in default on a loan guaranteed under~~  
3-33 ~~Chapter 57, Education Code;]~~  
3-34 (4) is a person whose location for the sales agency is:  
3-35 (A) a location licensed for games of bingo under  
3-36 Chapter 2001, Occupations Code;  
3-37 (B) on land that is owned by:  
3-38 (i) this state; or  
3-39 (ii) a political subdivision of this state  
3-40 and on which is located a public primary or secondary school, an  
3-41 institution of higher education, or an agency of the state; or  
3-42 (C) a location for which a person holds a wine and  
3-43 beer retailer's permit, mixed beverage permit, mixed beverage late  
3-44 hours permit, private club registration permit, or private club  
3-45 late hours permit issued under Chapter 25, 28, 29, 32, or 33,  
3-46 Alcoholic Beverage Code, other than a location for which a person  
3-47 holds a wine and beer retailer's permit issued under Chapter 25,  
3-48 Alcoholic Beverage Code, that derives less than 30 percent of the  
3-49 location's gross receipts from the sale or service of alcoholic  
3-50 beverages; or  
3-51 (5) has violated this chapter or a rule adopted under  
3-52 this chapter.  
3-53 (g) For purposes of Subsection (a)(3), the comptroller,  
3-54 Texas Workforce Commission, and Texas Alcoholic Beverage  
3-55 Commission~~, Texas Higher Education Coordinating Board, and Texas~~  
3-56 ~~Guaranteed Student Loan Corporation]~~ shall each provide the  
3-57 executive director with a report of persons who have been finally  
3-58 determined to be delinquent in the payment of any money owed to or  
3-59 collected by that agency. The commission shall adopt rules  
3-60 regarding the form and frequency of reports under this subsection.  
3-61 SECTION 7. The following laws are repealed:  
3-62 (1) Section 57.491, Education Code;  
3-63 (2) Section 82.022(c), Government Code;  
3-64 (3) Section 154.110(e), Government Code; and  
3-65 (4) Sections 56.001(1), 56.002, 56.004, 56.005, and  
3-66 56.006, Occupations Code.  
3-67 SECTION 8. A disciplinary action proceeding under Chapter  
3-68 56, Occupations Code, that was initiated before the effective date  
3-69 of this Act and that is pending on the effective date of this Act is

4-1 terminated on that date.

4-2 SECTION 9. This Act takes effect immediately if it receives  
4-3 a vote of two-thirds of all the members elected to each house, as  
4-4 provided by Section 39, Article III, Texas Constitution. If this  
4-5 Act does not receive the vote necessary for immediate effect, this  
4-6 Act takes effect September 1, 2019.

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