

## **BILL ANALYSIS**

Senate Research Center  
87R3635 MLH-F

S.B. 1089  
By: Buckingham  
Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Texas traditional installment lenders have been regulated in Texas since 1963. They comply with state and federal laws and are licensed and examined by the Texas Office of Consumer Credit Commissioner. S.B. 1089 ensures access to safe, affordable, and regulated credit for Texans seeking small dollar loans. The bill modernizes the statute for traditional installment lenders by changing the reference base amount from \$200 to \$300 (the reference base amount has not seen an increase since 2005). The reference base amount serves as a benchmark that helps calculate the maximum loan amount. This legislation would change the current maximum loan amount from \$1,460 to \$2,190. It has been noted that a cap set too low effectively pushes customers from a licensed and regulated environment into an unlicensed, unregulated environment to meet their needs.

S.B. 1089 does not seek to increase rates or fees. It simply seeks to change the maximum amount of money a regulated lender can advance under existing rates and fees in Subchapter F, Chapter 342, Finance Code.

As proposed, S.B. 1089 amends current law relating to increasing the maximum reference base amount for certain consumer loans.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 342.251, Finance Code, as follows:

Sec. 342.251. MAXIMUM CASH ADVANCE. Provides that the maximum cash advance of a loan made under Subchapter F (Alternate Charges for Certain Loans) is an amount computed under Subchapter C (Revised Ceilings and Brackets), Chapter 341 (General Provisions), using the reference base amount of \$100, except that for loans that are subject to Section 342.259 (Loans With Larger Advances) the reference base amount is \$300, rather than \$200.

SECTION 2. Amends Section 342.259(a), Finance Code, to make a conforming change.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2021.