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| BILL ANALYSIS |

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| S.B. 1464 |
| By: West |
| Business & Industry |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  Current law does not prohibit automobile dealers from engaging in a practice known as forced financing, which is requiring a consumer to use financing made available through the dealership and disallowing the use of loans obtained by a consumer at a bank, credit union, or other financial institution, or even the use of cash. The Office of Consumer Credit Commissioner (OCCC) has received numerous complaints related to forced financing. In fact, from August 2021 to the present, the OCCC has received upwards of 150 complaints related to forced financing practices by automobile dealers statewide. While automobile dealers have traditionally offered financing to their customers, this differs from conditioning a sale on dealer-offered financing, a situation that automobile dealer representatives explained came about due to low inventory during the pandemic. S.B. 1464 seeks to address this issue by prohibiting new car dealerships from declining customer preferred financing or cash payments offered for the purchase of a new vehicle. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY**  It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS**  S.B. 1464 amends the Finance Code to establish certain prohibitions on a retail seller with respect to a prospective buyer's purchase of a motor vehicle from the seller that is funded or financed using the buyer's own money or a loan from a third-party lender who is neither the retail seller nor affiliated with the retail seller. Accordingly, the bill prohibits a retail seller from doing the following:   * increasing the sale price of a motor vehicle for a prospective buyer who purchases a motor vehicle by either method of purchase; * prohibiting a prospective buyer from paying the sale price at the time of sale by either method of purchase; and * making a false or misleading representation that is inconsistent with the bill's provisions.   The bill applies only to an agreement entered into on or after the bill's effective date. |
| **EFFECTIVE DATE**  September 1, 2023. |