BILL ANALYSIS

H.B. 225
By: Murr
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In its 2017 Sunset Self-Report, the Office of Consumer Credit Commissioner (OCCC) identified a credit desert between the highest Subchapter F loan of $1,400 and the lowest Subchapter E loan of $3,000. More recently, this issue was highlighted in the 2020 interim report for the House Committee on Pensions, Investments and Financial Services, which expressed a need for the evaluation of the appropriateness of the cap on Subchapter F loans, as a cap set too low effectively pushes customers from a licensed and regulated environment into an unlicensed, unregulated environment to meet their needs. H.B. 225 seeks to address this issue by increasing the reference base amount that is used to calculate the maximum loan amount authorized under Subchapter F. This change modernizes law governing regulated loans and assists in addressing the credit desert identified by the OCCC and the House Committee on Pensions, Investments and Financial Services.

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

H.B. 225 amends the Finance Code to raise the cap on the reference base amount used in calculating the maximum cash advance of a loan made under statutory provisions relating to alternate charges for loans with larger advances from $200 to $300. The bill applies only to a loan made on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.