

## **BILL ANALYSIS**

C.S.H.B. 2746  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law requires auto lenders to ensure that fee refunds associated with the early termination of a debt cancellation agreement are made by a third party over which the auto lenders have no control or oversight, and clarification is needed in the law with respect to each applicable party's obligations regarding such refunds. C.S.H.B. 2746 corrects the inequitable burden placed on auto lenders by requiring the debt cancellation agreement administrator or the administrator and the retail seller to timely refund debt cancellation agreement fees following the early termination of the contract and upon receiving written instruction in proportion to the amount received by the administrator and retail seller.

### **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**

C.S.H.B. 2746 amends the Finance Code to revise procedures with respect to the refund process for a debt cancellation agreement for certain retail vehicle installment sales on the termination of the agreement due to the early termination of the contract by doing the following:

- clarifying that a retail seller who has not assigned or transferred an applicable retail installment contract is required to cause to be refunded or credited an appropriate amount of the agreement fee by providing written instruction not later than the 30th day after the termination date, including by electronic means, to the administrator of the agreement; and
- requiring any other holder to cause to be refunded or credited the same amount by the same method to the administrator of the agreement or the retail seller.

C.S.H.B. 2746 replaces the requirement that the holder ensure that a refund or credit of an amount of a debt cancellation agreement fee is made not later than the 60th day after the termination date with a requirement that the administrator of the agreement or the administrator of the agreement and the retail seller, as applicable and not later than the 30th day after receiving the written instructions provide a refund or credit of an amount of a debt cancellation agreement fee proportional to the amount received by the administrator and retail seller under the agreement. The bill replaces the requirement for a retail seller or applicable assignee or transferee to maintain and provide access to records of any refund or credit of an amount of the fee with a requirement for the administrator of the agreement and the retail seller to provide and

maintain such access. The bill establishes that its changes are procedural only and do not require the refiling of forms to implement.

### **EFFECTIVE DATE**

September 1, 2023.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 2746 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

While both the introduced and the substitute condition the provision of a refund or credit on the receipt of written instruction, the versions approach this condition differently. The introduced conditioned the requirement for the administrator of the agreement or retail seller to ensure that a refund or credit is made by not later than the 60th day after the termination date on the administrator or seller receiving the written instructions. However, the substitute replaces the existing requirement that the holder ensure that a refund or credit of a debt cancellation agreement fee is made not later than that date with a requirement that the administrator of the agreement or the administrator of the agreement and the retail seller, as appropriate and not later than the 30th day after receiving the written instructions, provide such a refund or credit proportional to the amount received by the administrator and retail seller under the agreement.