

BILL ANALYSIS

H.B. 3575
By: Lambert
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2019, a license holder challenged the Texas Department of Banking's authority to use a contracted hearing officer for contested enforcement cases by filing suit in Travis County district court. The judge in that case ruled in favor of the department. In 2022, a different license holder filed suit in Travis County district court making the same argument, and the district court, with a different judge, ruled the opposite way. As such, clarity is needed with respect to the department's authority to use a contracted hearing officer to ensure that individual hearing enforcement matters brought by the department have the necessary expertise and dedicated focus to understand and rule on questions involving financial matters that can be very complex and technical. H.B. 3575 seeks to address the substance of the district court challenges by stating explicitly that the contracted hearing officer may be a part-time, contracted individual, rather than a full-time employee of the department.

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. 3575 amends the Finance Code to clarify that a hearings officer the Texas Department of Banking employs to serve the department, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner as determined by interagency agreement may be retained under contract to provide services on a part-time basis for purposes of provisions relating to the State Office of Administrative Hearings.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.