

1-1 By: Lambert (Senate Sponsor - Creighton) H.B. No. 4219
 1-2 (In the Senate - Received from the House May 10, 2023;
 1-3 May 11, 2023, read first time and referred to Committee on Business
 1-4 & Commerce; May 19, 2023, reported favorably by the following vote:
 1-5 Yeas 10, Nays 1; May 19, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14		X		
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the maximum rate or amount of interest of certain
 1-22 consumer loans.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 342.201, Finance Code, is amended by
 1-25 amending Subsection (e) and adding Subsections (e-2) and (e-3) to
 1-26 read as follows:

1-27 (e) A loan contract under this chapter that is not secured
 1-28 by real property may provide for a rate or amount of interest
 1-29 computed using the true daily earnings method or the scheduled
 1-30 installment earnings method that does not exceed:

1-31 (1) 30 percent plus the federal funds rate a year on
 1-32 that part of the cash advance that is less than or equal to the
 1-33 amount computed under Subchapter C, Chapter 341, using the
 1-34 reference base amount of \$500;

1-35 (2) 24 percent plus the federal funds rate a year on
 1-36 that part of the cash advance that is more than the amount computed
 1-37 for Subdivision (1) but less than or equal to an amount computed
 1-38 under Subchapter C, Chapter 341, using the reference base amount of
 1-39 \$1,050; and

1-40 (3) 18 percent plus the federal funds rate a year on
 1-41 that part of the cash advance that is more than the amount computed
 1-42 for Subdivision (2) but less than or equal to an amount computed
 1-43 under Subchapter C, Chapter 341, using the reference base amount of
 1-44 \$2,500.

1-45 (e-2) On March 1 and September 1 of each year, the
 1-46 commissioner shall compute the ceilings applicable under
 1-47 Subsection (e) for the six-month period effective the following May
 1-48 1 and November 1, respectively. As prescribed by this subsection,
 1-49 the ceilings are effective for the six-month period beginning on
 1-50 the effective date and are subject to adjustment after each
 1-51 six-month period. The commissioner shall submit to the secretary
 1-52 of state for publication in the Texas Register the ceilings
 1-53 computed under this subsection not later than the 11th day after the
 1-54 date on which the ceiling is computed.

1-55 (e-3) For purposes of this section:

1-56 (1) "Ceiling" means the maximum rate or amount of
 1-57 interest.

1-58 (2) "Federal funds rate" means an interest rate
 1-59 computed by averaging the Federal Funds rates published by the
 1-60 Federal Reserve Bank of New York for each day during the six
 1-61 calendar months preceding the computation date of the ceilings,

2-1 except that if that average:

2-2 (A) is greater than five percent, the federal
2-3 funds rate is five percent; and

2-4 (B) is less than zero percent, the federal funds
2-5 rate is zero percent.

2-6 SECTION 2. The change in law made by this Act applies only
2-7 to a loan made on or after the effective date of this Act. A loan
2-8 made before the effective date of this Act is governed by the law in
2-9 effect on the date the loan was made, and the former law is
2-10 continued in effect for that purpose. For purposes of this section,
2-11 a refinance or renewal of a loan is considered made on the date the
2-12 loan being refinanced or renewed was made.

2-13 SECTION 3. This Act takes effect September 1, 2023.

2-14

* * * * *