

BILL ANALYSIS

Senate Research Center

H.B. 4134
By: Lujan (Menéndez)
Business & Commerce
5/21/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Office of Consumer Credit Commissioner perceives an ambiguity in current law regarding a borrower purchasing a motor vehicle in installments of electronic payments, allowing for an unregulated third party to charge and collect a fee from the customer for processing the payment but preventing the regulated creditor or account servicer from offering such payment methods to their own customers. Additionally, a creditor subject to that law may assess a late fee that does not exceed five percent of the entire installment if not paid within 15 days after the installment due date.

H.B. 4134 seeks to clarify this ambiguity and help customers avoid a late fee by providing for certain creditors to offer their own customers various payment method options, including those that may be accompanied by a fee in order to expedite and apply the payment immediately to the customers' accounts.

H.B. 4134 amends current law relating to a convenience fee for processing electronic payments for motor vehicles.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter E, Chapter 348, Finance Code, by adding Section 348.416, as follows:

Sec. 348.416. CONVENIENCE FEE FOR PROCESSING ELECTRONIC PAYMENTS
AUTHORIZED. (a) Defines "electronic payment."

(b) Provides that a holder of a retail installment contract or the holder's agent is authorized to collect a fee for processing a retail buyer's electronic payment under the contract only if:

(1) the fee is reasonably related to the expense incurred by the holder or holder's agent in processing the electronic payment;

(2) the fee does not exceed the lesser of \$10 or five percent of the amount of the payment; and

(3) the holder or holder's agent allows the buyer to make a payment by a method other than an electronic payment that does not incur a fee, does not establish electronic payment as the expected form of payment, and informs the buyer of the following before the buyer agrees to make an electronic payment; the amount of the fee to be charged under this section, that the buyer is authorized to make a payment by an alternative method that does not incur a fee, including by check, cash, or money order, and

that the holder or holder's agent is prohibited from establishing electronic payment as the expected form of payment.

SECTION 2. Effective date: September 1, 2025.