

## **BILL ANALYSIS**

S.B. 512  
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Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The bill sponsor has informed the committee that, in 2022, PayPal announced a plan to charge a fine of \$2,500 to users found to have spread misinformation and that the policy was set to go into effect on November 3, 2022. However, as reported by Reuters and other media outlets, PayPal decided to retract the plan after widespread criticism. The bill sponsor has also informed the committee that this event brought attention to potential actions of money service businesses that could be used to control the broader activities of users. S.B. 512 seeks to clarify that a money transmission licensee's customers cannot be fined for a violation of terms of service by prohibiting a money transmission licensee from including in the licensee's terms of service agreement a provision allowing or providing for a monetary fine or penalty for violating any provision of such an agreement.

### **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**

S.B. 512 amends the Finance Code to prohibit a money transmission licensee from including in the licensee's terms of service agreement a provision allowing or providing for a monetary fine or penalty for violating any provision of the agreement. This prohibition expressly may not be construed to prevent a licensee from closing a customer account as a result of a customer's violation of the licensee's terms of service agreement.

S.B. 512 makes a licensee that violates the prohibition liable to the state for a civil penalty in an amount equal to three times the amount of the fine or penalty imposed by the licensee in addition to any other relief provided for a violation of provisions governing money services businesses. The bill authorizes the attorney general to bring an action in the name of the state to recover the civil penalty and to recover attorney's fees and costs incurred in bringing the action.

S.B. 512 applies only to a terms of service agreement entered into after the bill's effective date. A terms of service agreement entered into before the bill's effective date is governed by the law as it existed immediately before that date, and the former law is continued in effect for that purpose.

**EFFECTIVE DATE**

September 1, 2025.