BILL ANALYSIS

Senate Research Center
89R2046 MLH-F

S.B. 946
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State Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current legislation already prevents creditors from discriminating against an individual due to sex, race, color, religion, national origin, marital status, and age. However, these provisions do not cover the possibility of a credit issuer denying an organization's extended credit request due to its political or religious affiliations.

S.B. 946 would protect organizations from being denied an extension of a loan or a limitation to the credit extended for any reason other than failing to meet impartial and non-subjective standards established by the lender.

Impermissible reasons for rejection include the use of social credit score or an environmental, social, governance score not drawn from empirical reasoning. Additionally this bill would also prohibit discrimination due to an organization's practices of diversity, equity, or inclusion, as well as its association, service, or cooperation with a religious institution or legal industry.

As proposed, S.B. 946 amends current law relating to the prohibition on certain discrimination in the extension of credit to organizations based on social credit or value-based standards.

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 Section 341.401, Finance Code, by amending Subsection (a) and adding Subsections (a-1) and (a-2), as follows:

(a) Defines "organization."

(a-1) Creates this subsection from existing text and makes no further changes.

(a-2) Prohibits an authorized lender or other person involved in a transaction subject to Title 4 (Regulation of Interest, Loans, and Financed Transactions), except as expressly required by other law, from denying to an organization an extension of credit, including a loan, in the organization's name or restricting or limiting the credit extended for any reason not based on the organization's failure to meet quantitative, impartial standards established by the lender for assessing financial risk, including the organization's:

(1) social credit score or an environmental, social, or governance score that is derived from subjective or value-based standards;

(2) standards or practices pertaining to diversity, equity, or inclusion; or

(3) contracts in, services given to, or association with a particular religious institution or legal industry, including agriculture, fossil fuels, firearms, or free-speech media platforms.

SECTION 2. Effective date: upon passage or September 1, 2025.