

BILL ANALYSIS

Senate Research Center
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S.B. 2902
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Coerced debt is a type of identity theft in which an abuser incurs credit-related transactions using the identity of a victim without their consent. It is an increasingly common form of economic abuse in family violence situations that can have devastating effects for victims, substantially limiting their economic self-sufficiency or preventing them from leaving an abusive relationship in the first place. Even if a victim manages to escape from an abusive situation, the coerced debt tied to their financial identity would follow him or her, negatively impacting their finances. Missing a debt payment, for example, may lower a person's credit score by more than 100 points. These credit scores consequently affect a victim's ability to secure employment, housing, and insurance.

S.B. 2902 would enhance established identity theft protections by creating affordable and attainable pathways for coerced victims to halt debt collections. Accordingly, victims could limit the harmful fallout from coerced debts that lingers long after leaving an abusive relationship or situation.

As proposed, S.B. 2902 amends current law relating to the collection of consumer debt incurred by certain individuals as a result of identity theft.

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 D, Chapter 392, Finance Code, by adding Section 392.308, as follows:

Sec. 392.308. CONSUMER VICTIM OF IDENTITY THEFT. (a) Defines "identity theft."

(b) Provides that this section does not apply to consumer debt that is a home loan, as defined by Chapter 343 (Home Loans), or to the collection of a judgment already obtained.

(c) Prohibits a creditor, debt collector, or third-party debt collector from attempting to collect a consumer debt or a portion of a consumer debt from a consumer if the consumer provides certain documents regarding identity theft.

(d) Provides that a creditor, debt collector, or third-party debt collector who receives notice that a consumer debt is a result of identity theft from a victim of identity theft in accordance with Subsection (c) is:

(1) required to immediately cease efforts to collect the disputed debt or disputed portion of the debt from the victim of identity theft;

(2) required to send to each person who has previously received a report relating to that debt from the creditor, debt collector, or third-party debt collector notice that the debt is disputed under this section and not collectible from the victim of identity theft;

(3) prohibited from selling the debt or transferring it for consideration, except to collect the debt from the alleged perpetrator of identity theft or from a responsible person other than the victim of identity theft; and

(4) authorized, if the disputed debt or disputed portion of the debt is secured by tangible personal property, to enforce the security interest under Chapter 9 (Secured Transactions), Business & Commerce Code, but prohibited from collecting or seeking to collect any deficiency from the victim of identity theft.

(e) Authorizes a creditor, debt collector, or third-party debt collector, if the creditor, debt collector, or third-party debt collector has a good faith reason to believe that a consumer has disputed a consumer debt or portion of a consumer debt under this section based on a material misrepresentation that the consumer is a victim of identity theft, to file suit in a court of competent jurisdiction to collect the debt from the consumer.

(f) Provides that a creditor, debt collector, or third-party debt collector has standing to bring and is authorized to bring an action to exercise any right, seek any remedy, or use any lawful means to collect a consumer debt or a portion of consumer debt that is disputed under this section from an alleged perpetrator of identity theft who by means of identity theft obtained, used, or possessed the money, goods, services, or property of the consumer who is a victim of the alleged perpetrator's identity theft.

SECTION 2. Effective date: September 1, 2025.