

By: Hughes, King
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S.B. No. 946

A BILL TO BE ENTITLED

AN ACT

relating to the prohibition on certain discrimination in the extension of credit to organizations based on social credit or value-based standards.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 341.401, Finance Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) In this section, "organization" has the meaning assigned by Section 1.002, Business Organizations Code.

(a-1) An authorized lender or other person involved in a transaction subject to this title may not deny to an individual who has the capacity to contract an extension of credit, including a loan, in the individual's name or restrict or limit the credit extended:

(1) because of sex, race, color, religion, national origin, marital status, or age;

(2) because all or part of the individual's income derives from a public assistance program in the form of social security or supplemental security income; or

(3) because the individual has in good faith exercised a right under the Consumer Credit Protection Act (15 U.S.C. Section 1601 et seq.; 18 U.S.C. Section 891 et seq.).

(a-2) Except as expressly required by other law, an

1 authorized lender or other person involved in a transaction subject
2 to this title may not deny to an organization an extension of
3 credit, including a loan, in the organization's name or restrict or
4 limit the credit extended for any reason not based on a bona fide
5 credit decision or the organization's failure to meet quantitative,
6 impartial standards established by the lender for assessing
7 financial risk, including the organization's:

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

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

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

17 SECTION 2. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2025.