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(Perez of Harris)

S.B. No. 1499

A BILL TO BE ENTITLED

AN ACT

relating to the operations of the Financial Crimes Intelligence Center.

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

SECTION 1. Chapter 2312, Occupations Code, is transferred to Subtitle B, Title 4, Government Code, redesignated as Chapter 426, Government Code, and amended to read as follows:

CHAPTER 426 [2312]. FINANCIAL CRIMES INTELLIGENCE CENTER

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 426.001 [2312.001]. DEFINITIONS. In this chapter:

(1) "Card fraud" means an act that constitutes the offense of fraudulent use or possession of a credit card or debit card under Section 32.315, Penal Code.

(2) "Center" means the financial crimes intelligence center established under this chapter.

(2-a) "Check fraud" means conduct that constitutes an offense under Section 32.21, Penal Code, with respect to a sight order, as defined by Section 1.07, Penal Code.

(3) "Commission" means the Texas Commission of Licensing and Regulation.

(4) "Department" means the Texas Department of Licensing and Regulation.

(4-a) "Electronic fund transfer" means any transfer of funds, other than a transaction originated by check, money order,

1 or similar paper instrument, that is initiated through an
2 electronic terminal, telephonic instrument, computer, or magnetic
3 tape and that orders, instructs, or authorizes a financial
4 institution to debit or credit an account.

5 (4-b) "Payment fraud" means:

6 (A) conduct constituting card fraud or check
7 fraud;

8 (B) sending an unauthorized payment order;

9 (C) initiating an electronic fund transfer
10 without the consent of the account holder; or

11 (D) any other act involving a fraudulent order
12 for payment of money, as defined by commission rule.

13 (5) "Skimmer" means an electronic, mechanical, or
14 other device that may be used to unlawfully intercept electronic
15 communications or data to perpetrate card fraud.

16 (6) "Unauthorized payment order" means a payment order
17 received by a receiving bank that is not:

18 (A) an authorized order of a customer identified
19 as sender under Section 4A.202(a), Business & Commerce Code; or

20 (B) effective as an order of the customer under
21 Section 4A.202(b) of that code.

22 Sec. 426.002 [~~2312.002~~]. RULES. The commission shall
23 adopt rules as necessary to implement this chapter.

24 SUBCHAPTER B. PURPOSE AND ADMINISTRATION

25 Sec. 426.051 [~~2312.051~~]. FINANCIAL CRIMES INTELLIGENCE
26 CENTER ESTABLISHED. The commission shall establish the center
27 within the department.

1 Sec. 426.052 [~~2312.052~~]. PURPOSES OF CENTER. The purposes
2 of the center are to:

3 (1) serve as the state's primary entity for the
4 planning, coordination, and integration of law enforcement
5 agencies and other governmental agencies that respond to criminal
6 activity related to payment [~~card~~] fraud, including through the use
7 of skimmers; and

8 (2) maximize the ability of the department, law
9 enforcement agencies, and other governmental agencies to detect,
10 prevent, and respond to criminal activities related to payment
11 [~~card~~] fraud.

12 Sec. 426.053 [~~2312.053~~]. OPERATION AGREEMENTS AUTHORIZED;
13 DIRECTOR [~~CHIEF INTELLIGENCE COORDINATOR~~]. (a) The department:

14 (1) may enter into agreements with law enforcement
15 agencies or other governmental agencies for the operation of the
16 center; and

17 (2) shall enter into an agreement with a law
18 enforcement agency or other governmental agency for the appointment
19 of a director [~~chief intelligence coordinator~~] to supervise and
20 manage the operation of the center.

21 (b) The director [~~chief intelligence coordinator~~] appointed
22 under the agreement required by Subsection (a)(2) may be a licensed
23 peace officer. The agreement must provide that the commission of a
24 director [~~chief intelligence coordinator~~] who is a licensed peace
25 officer will be carried by the agency with which the department
26 enters into the agreement under that subdivision.

27 (c) Information a law enforcement agency or other

1 governmental agency collects and maintains under an agreement
2 entered into with the department under this chapter is the
3 intellectual property of the center. On termination of the
4 agreement, the contracting agency shall transfer the information to
5 the department in accordance with the terms of the agreement.

6 Sec. 426.054 [~~2312.054~~]. POWERS AND DUTIES. (a) The
7 center may collaborate with federal, state, and local governmental
8 agencies to accomplish the purposes of the center.

9 (b) The center shall assist law enforcement agencies, other
10 governmental agencies, financial institutions, credit card
11 issuers, debit card issuers, payment card networks, institutions of
12 higher education, and merchants in their efforts to develop and
13 implement strategies to:

- 14 (1) prevent and respond to payment fraud;
15 (2) detect skimmers; and
16 (3) [~~(2)~~] ensure an effective response if a skimmer is
17 found[~~, and~~
18 [~~(3) prevent card fraud~~].

19 (c) The center may:

- 20 (1) serve as a centralized collection point for
21 information related to payment [~~card~~] fraud;
22 (2) provide training and educational opportunities to
23 law enforcement;
24 (3) provide outreach to the public; and
25 (4) release information to affected financial
26 institutions, credit card issuers, debit card issuers, payment card
27 networks, institutions of higher education, and merchants if the

center does not consider the information to be sensitive to law enforcement.

(d) For purposes of Subsection (c)(4), information is considered sensitive to law enforcement if the information could cause harm to law enforcement activities or jeopardize an investigation or operation if disclosed.

Sec. 426.055 [~~2312.055~~]. ANNUAL REPORT. (a) Not later than December 1 of each year, the director [~~chief intelligence coordinator~~] shall file a report with the department.

(b) The report must include:

(1) a plan of operation for the center and an estimate of the amount of money necessary to implement that plan;

(2) an assessment of the current state of payment [~~card~~] fraud in this state, including:

(A) an identification of the geographic locations in this state that have the highest statistical probability for payment [~~card~~] fraud; and

(B) a summary of payment [~~card~~] fraud statistics for the year in which the report is filed;

(3) a detailed plan of operation for combatting payment [~~card~~] fraud;

(4) a communications plan for outreach to law enforcement agencies, financial institutions, credit card issuers, debit card issuers, payment card networks, merchants, and the public; and

(5) a list of expenditures made since the most recent report was filed with the department.

SUBCHAPTER C. FINANCIAL PROVISIONS

Sec. 426.101 [~~2312.101~~]. FUNDING. The department may solicit and accept gifts, grants, and other donations to fund, administer, and carry out the purposes of the center, except that the department may not solicit or accept a gift, grant, or other donation from a license holder as defined by Section 2310.151, Occupations Code.

Sec. 426.102 [~~2312.102~~]. AWARD OF GRANTS. (a) Subject to the availability of appropriated money, the department may award grants for the purposes of this chapter by entering into a contract with each grant recipient.

(b) A grant recipient may use grant money to:

- (1) reduce payment [~~card~~] fraud by removing skimmers;
- (2) purchase or upgrade payment fraud deterrence equipment, including unique locking systems, cameras, and lights;
- (3) provide training opportunities regarding payment fraud and skimmers; and
- (4) conduct public outreach regarding payment [~~card~~] fraud.

SECTION 2. As soon as practicable after the effective date of this Act, the Texas Commission of Licensing and Regulation shall adopt rules necessary to implement the changes in law made by this Act to Chapter 426, Government Code, as transferred, redesignated, and amended by this Act.

SECTION 3. This Act takes effect September 1, 2025.