

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 29, 2025

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2677 by Perry (Relating to disclosures for certain commercial sales-based financing transactions and the registration of commercial sales-based financing brokers; authorizing a fee and providing a civil penalty.), **As Introduced**

The fiscal implications of the bill cannot be determined because the amount of potential revenue as a result of the civil penalty authorized by the bill is unknown.

This bill would amend the Finance Code by adding a new chapter for commercial sales-based financing. This chapter would require certain information to be disclosed to recipients of offers of commercial sales-based financing of more than \$500,000, including: the total amount of the financing, the disbursement amount, the finance charge, the total repayment amount, the estimated period for the periodic payments to equal the total repayment amount under the terms of financing, whether payment amounts are fixed or variable, a description of all other potential fees and charges not included in the finance charge, any additional fees not included in the finance charge for paying off or refinancing before the the amount is repaid in full, and if applicable, a description of collateral requirements or securities interests.

The bill creates a civil penalty for violations and deems violations as deceptive trade practices. The bill also requires a person to register as a broker with the Texas Department of Banking (TDB) before conducting business as a commercial sales-based financing broker and directs the Financial Commission of Texas (FCT) to set a fee by rule for broker registration sufficient to cover the cost of registration. TDB is directed to administer, implement, and enforce the provisions of the new chapter and the FCT is directed to adopt rules necessary for administration and implementation of the new chapter.

Both the TDB and FCT are self-directed, semi-independent agencies that are responsible for their costs of operations, prohibited from causing the General Revenue Fund to incur any cost, and not subject to the legislative budgeting process.

The Office of the Attorney and the Office of Court Administrative indicate that any workload could be absorbed within their current resources causing no significant impact to the state.

Based on analysis provided by the Comptroller of Public Accounts, due to the unknown number of brokers that will register with FCT, the registration fee amount that the FCT will set for brokers, and the amount of civil penalties that will be executed, the fiscal impact to the state cannot be determined at this time.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 451 Department of Banking

LBB Staff: JMc, RStu, KSi, FV, GDZ