

BILL ANALYSIS

Senate Research Center

S.B. 1335
By: Ellis
Economic Development
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As Filed

DIGEST

Currently, the Insurance Code provides for a fee of up to \$5.00 to fund an insurance guaranty program to monitor title insurance companies and to pay claims to individuals in the event of a title company failure. Collection of the fee was temporarily stopped in 1992 because of a surplus of funds. Over the past year federal funding for affordable housing has been cut by 25 percent with more cuts expected. This bill proposes to restart the collection of the fee at a fixed rate of \$5 and divert any remaining funds collected through the fee to the Housing Trust Fund.

PURPOSE

As proposed, S.B. 1335 proposes to fix the guarantee title fee at \$5 and divert any remaining funds collected through the fee to the Housing Trust Fund.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 9.48(6), Insurance Code, by amending Subsections (a) and (c) and adding Subsection (f), as follows:

(a) Requires certain agents to remit a guaranty fee of \$5. Requires the board of directors of the Texas Title Insurance Guaranty Association (board) to determine the portion of the guaranty fund necessary to fund the guaranty fee account, including any portion of the fee that is reasonably necessary for efficient future operation of this article. Deletes text authorizing the board to adjust the guaranty fee amount.

(c) Provides that this subsection is subject to Subsection (f).

(f) Requires the Texas Title Insurance Guaranty Association to remit to the comptroller any portion of the guaranty fee exceeding the amount the board has determined is necessary. Requires the comptroller to deposit amounts received under this subsection to the housing trust fund.

SECTION 2. Amends Section 2306.201(b), Government Code, to make conforming changes.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.