

BILL ANALYSIS

Senate Research Center
77R3308 DWS-F

S.B. 272
By: Carona
Business & Commerce
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DIGEST AND PURPOSE

Currently, there is an established maximum interest charge of approximately 32 percent permitted on non-real property loans and this rate varies depending upon the amount borrowed and terms of the loan. As proposed, S.B. 272 allows lenders to price loan products and offer a wider range of rates on larger loans without an increase in the maximum rates on smaller loans.

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 Section 342.201, Finance Code, to authorize as an alternative to the interest charge permitted on a loan contract under this chapter that is not secured by real property to provide for an interest charge on the cash advance that does not exceed 30 percent per year. Provides that on a loan using an interest charge under this subsection, the maximum cash advance is the revised ceiling as provide by Chapter 341C, using the reference base amount of \$2,500, and interest may not be precomputed and is required to be computed by the actuarial method. Makes conforming changes.

SECTION 2. Effective date: September 1, 2001.