

**SUBJECT:** Requiring credit access telemarketers to adhere to no-call list regulations

**COMMITTEE:** Business and Industry — favorable, without amendment

**VOTE:** 8 ayes — C. Turner, Cain, Crockett, Lambert, Ordaz Perez, Patterson, Shine, S. Thompson

1 nay — Hefner

**WITNESSES:** For — Ann Baddour, Texas Appleseed; Jennifer Allmon, The Texas Catholic Conference of Bishops; Tracey Whitley; (*Registered, but did not testify*: Joshua Houston, Texas Impact; Molly Weiner, United Ways of Texas; Thomas Parkinson)

Against — None

**BACKGROUND:** Business and Commerce Code sec. 304.051 requires the Public Utility Commission of Texas to maintain a no-call list consisting of the name and telephone number of each consumer in the state who has requested to be on the list and each person in the state's portion of the national do-not-call registry. Sec. 304.052 prohibits telemarketers from making calls to a telephone number on the Texas no-call list more than 60 days after the date the telephone number appears on the current list.

Sec. 304.004(5) exempts state licensees from no-call list telemarketing regulations under certain circumstances.

**DIGEST:** HB 1916 would prohibit a credit access business or its representative from making telemarketing calls to consumers on the Texas no-call list unless:

- the consumer had a current contract with the business; or
- the consumer previously had a contract with the business and the call was made before the first anniversary of the date on which the contract had been terminated, unless the consumer requested that the business or its representative stop calling the consumer.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.

**SUPPORTERS  
SAY:**

HB 1916 would close a loophole in current law that allows credit access businesses to use their status as state licensees to make unsolicited calls to Texans on the state's no-call list. This can result in consumers receiving unsolicited telemarketing calls, which defeats the purpose of the no-call list and creates an inconvenience to Texans whose privacy and right to deny solicitation should be protected.

The bill would protect consumers from predatory lenders who use telemarketing to lure low-income borrowers into high-interest loans. In Texas, these credit access business loans (also known as payday and auto title loans) can carry annual percentage rates as high as 664 percent. Because the state has no limit on fees on these loans, Texans can be particularly vulnerable to predatory lending. Moreover, the unprecedented economic crisis caused by the COVID-19 pandemic and Winter Storm Uri has caused widespread financial distress among Texans, making consumers even more vulnerable to aggressive telemarketing tactics used by predatory lenders.

HB 1916 would not impose an unfair restriction on the lending industry. The bill would target credit access businesses because they lack adequate consumer protections, such as lending caps and borrower requirements, to which competitors such as banks and credit unions must adhere. The competitors would not use the no-call list for telemarketing purposes, so the bill's treatment of credit access businesses would not be unfair.

The bill would not prevent borrowers from accessing payday or auto title loans or prevent lenders from offering these loans to consumers. It simply would protect consumers who had elected to be on the no-call list from receiving intrusive and unsolicited calls. Credit access businesses with existing relationships with customers would not be prevented from contacting them or collecting debts.

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CRITICS  
SAY:

HB 1916 would unfairly single out payday lenders and auto title loan companies for disparate treatment from other state licensees, creating an uneven playing field for credit access businesses.