BILL ANALYSIS

DIGEST

Currently, a governmental entity may choose not to accept checks as a method of payment for certain services and requirements, although most governmental entities do accept checks as a form of payment. However, Texas law does not require the entities to receive payment for taxes, goods, services, fees, fines, or penalties in the same manner as the governmental entity accepts cash. C.S.S.B. 543 would require a governmental entity to accept checks.

PURPOSE

As proposed, C.S.S.B. 543 requires a governmental entity to accept checks.

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 Title 10F, Government Code, by adding Chapter 2259, as follows:

CHAPTER 2259. PAYMENTS MADE TO GOVERNMENTAL ENTITY

Sec. 2259.001. DEFINITIONS. Defines "bank," "cashier's check," "check," "credit card invoice," "drawee," "drawer," "goods," "governmental entity," "political subdivision," "service," and "state agency."

Sec. 2259.002. METHOD OF PAYMENT. Requires a governmental entity to accept a check or a credit card invoice for payment of an amount of money owed to the governmental entity for taxes, goods, services, fees, fines, or penalties in the same manner the governmental entity accepts cash.

Sec. 2259.003. EXCEPTIONS. Authorizes a governmental entity to require a person to remit payment in cash, cashier's check, or money order, if the person did not duly pay or honor the amount of a check to any office or department in that governmental entity within the preceding 18-month period. Provides that the entity is not required to accept, as payment, a third-party check, an out-of-state check, or a credit card invoice or check in certain jail-related circumstances.

Sec. 2259.004. DATE OF PAYMENT. Provides that acceptance of a check or credit card invoice constitutes payment as of the date of acceptance by the government entity, if the check or invoice is duly paid or honored by the drawee. Provides that a check or invoice does not constitute payment if the check or invoice is not paid or honored.

Sec. 2259.005. NOTICE OF NONPAYMENT. Requires a governmental entity to deliver a written notice at the appropriate address to a person who attempted payment by check or credit card invoice, regarding nonpayment and any restriction on the method of payment authorized by Section 2259.003.

Sec. 2259.006. PROCESSING FEE FOR CREDIT CARD OR CHECK NOT DULY PAID OR HONORED. Authorizes a governmental entity to add a fee for processing a check or invoice and a $50 administrative fee, to an amount of payment due if the payment is not paid or honored by the drawee.

SECTION 2. Amends Title 10F, Government Code, as follows:

SUBTITLE F. New heading: STATE AND LOCAL CONTRACTS, PAYMENTS, AND FUND
MANAGEMENT

SECTION 3.   Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 4.   Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Relating clause.

Amends the relating clause to include credit card in a payment to a governmental entity.

SECTION 1.

Amends proposed Sections 2259.001 through 2259.006, Government Code, to add definitions for "bank" and "credit card invoice"; to include a credit card invoice in transactions that a governmental agency must accept, alongside a check; to add provisions authorizing a governmental entity to not accept a third-party check, an out-of-state check, or check or credit card payments in situations regarding jail activities; to include a credit card invoice in actions in which a governmental entity must date a payment, offer notice of the payment, and charge fees for a dishonored payment; and to add a new heading to Section 2259.006.