

BILL ANALYSIS

Senate Research Center
84R6317 EES-F

H.B. 1881
By: Capriglione et al. (Creighton)
Business & Commerce
5/15/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties note that private schools are not allowed to pass credit card convenience fees along to parents or others paying for tuition costs and other school payments, whereas public schools currently have methods in place for passing along those fees. The parties contend that as a result private schools are tasked with absorbing large fees because parents are unable to use a service that is widely and frequently accepted elsewhere. H.B. 1881 seeks to address this issue.

H.B. 1881 amends current law relating to authorizing certain private schools to charge fees for processing or handling certain payments or payment transactions.

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 Subtitle C, Title 5, Business & Commerce Code, by adding Chapter 111, as follows:

CHAPTER 111. PRIVATE SCHOOLS

Sec. 111.001. DEFINITIONS. Defines “cardholder,” “credit card,” “debit card,” and “private school” for the purposes of this chapter.

Sec. 111.002. CHARGES AND FEES FOR CERTAIN PAYMENTS AT PRIVATE SCHOOLS. (a) Provides that this section applies to a payment of tuition, a fee, or another charge to a private school that is made or authorized in person, by mail, by telephone call, or through the Internet by means of:

- (1) a credit card;
- (2) a debit card; or
- (3) an electronic funds transfer.

(b) Authorizes a private school to charge a fee or other amount in connection with a payment to which this section applies, in addition to the amount of the tuition, fee, or other charge being paid, including:

- (1) a discount, convenience, or service charge for the transaction; or
- (2) a service charge in connection with a payment transaction that is dishonored or refused for lack of funds or insufficient funds.

(c) Requires a fee or other charge under this section to be in an amount reasonable and necessary to reimburse the school for the expense incurred by the school in processing and handling the payment or payment transaction.

(d) Requires the school, before accepting a payment by credit card, debit card, or electronic funds transfer, to notify the cardholder or other person making the payment of any fee to be charged under this section.

SECTION 2. Amends Section 59.402(b), Finance Code, as follows:

(b) Provides that this section (Imposition of Surcharge for Use of Debit or Stored Value Card) does not apply to:

(1) Creates this subdivision from existing text; or

(2) a private school that accepts a debit card for the payment of fees or other charges, as provided by Section 111.002, Business & Commerce Code.

SECTION 3. Amends Section 339.001(b), Finance Code, as follows:

(b) Provides that this section (Imposition of Surcharge for Use of Credit Card) does not apply to:

(1) Creates this subdivision from existing text; or

(2) a private school that accepts a credit card for the payment of fees or other charges, as provided by Section 111.002, Business & Commerce Code.

SECTION 4. Effective date: upon passage or September 1, 2015.