

## **BILL ANALYSIS**

C.S.H.B. 511  
By: Hochberg  
Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Rebates are an increasingly popular method of enticing consumers to buy something new. Often, the promised rebate amount equals as much as 2/3 of the original price, which, in the case of computers, can be hundreds of dollars. While many rebate programs work well, some companies do not meet their obligations. In fact, some customers never receive a response to their rebate request. Most companies promise to process the request in 8 to 10 weeks; however, existing state law does not provide any remedy when the consumer does not receive any response or the rebate is denied after the rebate program has ended. Texas law is silent in regards to the timeliness of rebates. Currently, the only option for the frustrated consumer is lodging a complaint with the Better Business Bureau or with the Attorney General.

Committee substitute house bill 511 requires the company to mail the rebate or electronically pay the consumer within the promised time period of receiving a rebate request. If the request is not correctly completed, the company must either pay the rebate or notify the consumer of any errors. The measure also provides the consumer an additional 30 days to correct and resubmit the request for processing.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency or institution.

### **ANALYSIS**

Committee Substitute House Bill 511 amends Subchapter D, Chapter 35 of the Business and Commerce Code to require a response from a company which offers a rebate of \$10 or more, other than a rebate that is redeemed at the time of purchase, within the promised time period of receiving the rebate request. The bill defines consumer, consumer rebate, and properly completed. The bill defines certain types of financial incentives that companies may offer, but that are not considered rebates for the purposes of this section.

The bill provides that the company shall mail the rebate or electronically pay the consumer. If the rebate request was not correctly completed, the company shall either process the request or notify the consumer of any errors and allow the consumer an additional 30 days for the consumer to correct and resubmit the request for processing. The bill clearly states that a company that offers a rebate is not required to pay a consumer that does not qualify under the terms of the rebate. The bill requires notification of a rebate rejection. The bill also requires prompt payment if a rebate was rejected in error. The bill provides that failure to comply is a violation of the Deceptive Trade Practices Act.

### **EFFECTIVE DATE**

This Act takes effect September 1, 2005.

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute modifies the original to define the terms: consumer, consumer rebate, and properly completed. The substitute defines certain types of financial incentives that companies may offer, but that are not considered rebates for the purposes of this section. The substitute clearly states that a company that offers a rebate is not required to pay a consumer that does not qualify under the terms of the rebate. The substitute requires notification of a rebate rejection. The substitute also requires prompt payment if a rebate was rejected in error.