

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 19, 2005

TO: Honorable Helen Giddings, Chair, House Committee on Business & Industry

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1983 by Elkins (Relating to the automatic renewal of certain consumer contracts.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add Chapter 48 to protect consumers from automatic renewal of contracts that they do not wish to continue. The chapter would allow a consumer to prevent the automatic extension or renewal of a contract at any time during the term of the contract and provides for written notice to be sent to consumers after the 61st calendar day but not later than the 30th calendar day before the last date the consumer may decline automatic renewal.

A person who violates this chapter would be liable to a person adversely affected for the greater of \$500 or actual damages or if the violation was committed knowingly, up to \$1,500 or three times the amount of actual damages, plus attorney's fees, expert witness fees, costs for copies or depositions, and court costs. A merchant who unknowingly or accidentally violates this chapter may cure the violation, if before the 15th day after receiving written notice of the violation from the attorney general, a governmental agency, or a consumer that specifically mentions this chapter, the merchant refunds all money collected after the violation, court costs and attorney fees for the advance of the consumer's claims. Section 48.010 also provides a tie-in to the DTPA statutes for violation under this chapter. The Act would take effect on September 1, 2005.

The proposed legislation may result in new complaints, investigations or cases by the OAG, however, it is projected that this increase can be absorbed by current resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General

LBB Staff: JOB, JRO, MS