

By: Callegari, Bonnen

H.B. No. 2261

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain service contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1304.003, Occupations Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) In this chapter, "service contract" means an agreement:

(1) that is entered into for a separately stated consideration and for a specified term; and

(2) under which a provider agrees to repair, replace, or maintain a product, or provide indemnification for the repair, replacement, or maintenance of a product, for operational or structural failure or damage caused by a defect in materials or workmanship or by normal wear.

(c) For purposes of Subsection (a), normal wear for a motor vehicle includes minor and reasonable wear and tear that a vehicle sustains in everyday ordinary operation including:

(1) small dents, dings, and creases repairable by the process of paintless dent removal without affecting the existing paint finish and without replacing vehicle body panels or sanding, bonding, or painting;

(2) small windshield chips and cracks repairable without replacement of the entire windshield;

(3) worn tire tread;

1 (4) worn interior fabric or carpet items; and

2 (5) tire and wheel damage resulting from ordinary road
3 hazards such as potholes, rocks, wood debris, metal parts, glass,
4 plastic, or composite scraps.

5 SECTION 2. The change in law made by this Act applies to a
6 service contract entered into on or after the effective date of this
7 Act. A service contract entered into before the effective date of
8 this Act is covered by the law in effect on the date the contract was
9 entered into, and the former law is continued in effect for that
10 purpose.

11 SECTION 3. This Act takes effect September 1, 2007.