

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 Subsections (c) and (d) 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 may include 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 (d) Subsection (c)(5) does not apply to tire damage covered
6 under an agreement sold by a tire manufacturer.

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

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

President of the Senate

Speaker of the House

I certify that H.B. No. 2261 was passed by the House on April 13, 2007, by the following vote: Yeas 143, Nays 0, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 2261 on May 15, 2007, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 2261 on May 25, 2007, by the following vote: Yeas 139, Nays 0, 1 present, not voting.

Chief Clerk of the House

H.B. No. 2261

I certify that H.B. No. 2261 was passed by the Senate, with amendments, on May 8, 2007, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 2261 on May 24, 2007, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor