

1-1 By: Callegari, Bonnen (Senate Sponsor - Jackson) H.B. No. 2261
1-2 (In the Senate - Received from the House April 16, 2007;
1-3 April 17, 2007, read first time and referred to Committee on
1-4 Business and Commerce; May 3, 2007, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 9,
1-6 Nays 0; May 3, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 2261 By: Harris

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the regulation of certain service contracts.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 1304.003, Occupations Code, is amended
1-13 by amending Subsection (a) and adding Subsection (c) to read as
1-14 follows:

1-15 (a) In this chapter, "service contract" means an agreement:

1-16 (1) that is entered into for a separately stated
1-17 consideration and for a specified term; and

1-18 (2) under which a provider agrees to repair, replace,
1-19 or maintain a product, or provide indemnification for the repair,
1-20 replacement, or maintenance of a product, for operational or
1-21 structural failure or damage caused by a defect in materials or
1-22 workmanship or by normal wear.

1-23 (c) For purposes of Subsection (a), normal wear for a motor
1-24 vehicle may include minor and reasonable wear and tear that a
1-25 vehicle sustains in everyday ordinary operation including:

1-26 (1) small dents, dings, and creases repairable by the
1-27 process of paintless dent removal without affecting the existing
1-28 paint finish and without replacing vehicle body panels or sanding,
1-29 bonding, or painting;

1-30 (2) small windshield chips and cracks repairable
1-31 without replacement of the entire windshield;

1-32 (3) worn tire tread;

1-33 (4) worn interior fabric or carpet items; and

1-34 (5) tire and wheel damage resulting from ordinary road
1-35 hazards such as potholes, rocks, wood debris, metal parts, glass,
1-36 plastic, or composite scraps.

1-37 SECTION 2. The change in law made by this Act applies to a
1-38 service contract entered into on or after the effective date of this
1-39 Act. A service contract entered into before the effective date of
1-40 this Act is covered by the law in effect on the date the contract was
1-41 entered into, and the former law is continued in effect for that
1-42 purpose.

1-43 SECTION 3. This Act takes effect immediately if it receives
1-44 a vote of two-thirds of all the members elected to each house, as
1-45 provided by Section 39, Article III, Texas Constitution. If this
1-46 Act does not receive the vote necessary for immediate effect, this
1-47 Act takes effect September 1, 2007.

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