

House Bill 2261
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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;

(4) worn interior fabric or carpet items; and

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

SECTION 2. The change in law made by this Act

SENATE VERSION

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 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;

(4) worn interior fabric or carpet items; and

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

Same as House version.

CONFERENCE

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applies to a service contract entered into on or after the effective date of this Act. A service contract entered into before the effective date of this Act is covered by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

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

SENATE VERSION

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

CONFERENCE