

BILL ANALYSIS

C.S.H.B. 2696
By: Johnson
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties have raised concerns regarding residential service companies denying service to a customer as a result of a home inspection report without notifying the customer before entering into the residential service contract that the home inspection was required. C.S.H.B. 2696 seeks to remedy this issue by clarifying the law governing residential service contracts.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2696 amends the Occupations Code to prohibit a residential service company from requiring a homeowner, lessor, or renter to provide a home inspection report to the company after a residential service contract is entered into by the homeowner, lessor, or renter. The bill prohibits such a company from collecting any payment from the homeowner, lessor, or renter if the company requires a home inspection report before a residential service contract is entered into and declines the contract. The bill prohibits a residential service company that requires a home inspection report from denying a claim on any structural component, appliance, or system that is addressed in the home inspection report and included in the residential service contract unless the company gives the homeowner, lessor, or renter express notice of exclusion of the component, appliance, or system before the contract is entered into by the homeowner, lessor, or renter.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2696 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter G, Chapter 1303, Occupations Code, is amended by adding Section 1303.305 to read as follows:

Sec. 1303.305. HOME INSPECTION REPORT REQUIREMENT AND CERTAIN PAYMENT PROHIBITED. (a)

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter G, Chapter 1303, Occupations Code, is amended by adding Section 1303.305 to read as follows:

Sec. 1303.305. HOME INSPECTION REPORT REQUIREMENT AND CERTAIN PAYMENT PROHIBITED. (a)

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A residential service company may not require a homeowner, lessor, or renter to provide a home inspection report to the company after a residential service contract is entered into by the homeowner, lessor, or renter.

(b) If a residential service company requires a home inspection report before a residential service contract is entered into and declines the contract, the company may not collect any payment from the homeowner, lessor, or buyer.

SECTION 2. The change in law made by this Act applies only to a contract entered into or renewed on or after the effective date of this Act. A contract entered into or renewed before that date is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

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, 2013.

A residential service company may not require a homeowner, lessor, or renter to provide a home inspection report to the company after a residential service contract is entered into by the homeowner, lessor, or renter.

(b) If a residential service company requires a home inspection report before a residential service contract is entered into and declines the contract, the company may not collect any payment from the homeowner, lessor, or renter.

(c) A residential service company that requires a home inspection report may not deny a claim on any structural component, appliance, or system that is addressed in the home inspection report and included in the residential service contract unless the company gives the homeowner, lessor, or renter express notice of exclusion of the component, appliance, or system before the contract is entered into by the homeowner, lessor, or renter.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.