

1-1 By: Taylor of Collin S.B. No. 938
 1-2 (In the Senate - Filed January 16, 2017; March 1, 2017, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 May 1, 2017, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; May 1, 2017, sent
 1-6 to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 938 By: Creighton

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to certain rental-purchase agreements.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Section 92.001, Business & Commerce Code, is
 1-24 amended to read as follows:
 1-25 Sec. 92.001. DEFINITIONS. (a) In this chapter:
 1-26 (1) "Advertisement" means a commercial message in any
 1-27 medium that directly or indirectly promotes or assists a
 1-28 rental-purchase agreement.
 1-29 (3) "Consumer" means an individual who leases personal
 1-30 property under a rental-purchase agreement.
 1-31 (5) "Loss damage waiver" means a merchant's agreement
 1-32 to not hold a consumer liable for loss from all or part of any damage
 1-33 to merchandise.
 1-34 (6) "Merchandise" means the personal property that is
 1-35 the subject of a rental-purchase agreement.
 1-36 (7) "Merchant" means a person who, in the ordinary
 1-37 course of business, regularly leases, offers to lease, or arranges
 1-38 for the leasing of merchandise under a rental-purchase agreement.
 1-39 The term includes a person who is assigned an interest in a
 1-40 rental-purchase agreement.
 1-41 (8) "Rental-purchase agreement" means an agreement
 1-42 under which a consumer may use merchandise for personal, family, or
 1-43 household purposes for an initial period of four months or less, and
 1-44 that:
 1-45 (A) is automatically renewable with each payment
 1-46 after the initial period; and
 1-47 (B) permits the consumer to become the owner of
 1-48 the merchandise.
 1-49 (b) For purposes of this chapter, merchandise is displayed
 1-50 or offered to consumers primarily for lease under a rental-purchase
 1-51 agreement if the merchandise is displayed or offered at a place of
 1-52 business that derives at least 50 percent of its revenue from
 1-53 rental-purchase agreements.
 1-54 SECTION 2. Subchapter A, Chapter 92, Business & Commerce
 1-55 Code, is amended by adding Section 92.003 to read as follows:
 1-56 Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If
 1-57 merchandise is not displayed or offered to consumers primarily for
 1-58 lease under a rental-purchase agreement, the merchant shall make
 1-59 the following disclosures to a consumer before presenting a
 1-60 rental-purchase agreement for specific merchandise to the consumer

2-1 for execution:
 2-2 (1) the price for which the merchant would sell the
 2-3 merchandise to the consumer for cash on the date of the disclosure;
 2-4 (2) the amount of the periodic payments that would be
 2-5 provided for in the agreement if it is executed on the date of the
 2-6 disclosure; and
 2-7 (3) the total number and amount of periodic payments
 2-8 necessary to acquire ownership of the merchandise under the
 2-9 agreement if it is executed on the date of the disclosure.

2-10 (b) The disclosures required by Subsection (a) must be made
 2-11 separately from the rental-purchase agreement.

2-12 SECTION 3. Subchapter B, Chapter 92, Business & Commerce
 2-13 Code, is amended by adding Section 92.0535 to read as follows:

2-14 Sec. 92.0535. ACKNOWLEDGMENT REQUIRED FOR CERTAIN
 2-15 AGREEMENTS. If merchandise is not displayed or offered to
 2-16 consumers primarily for lease under a rental-purchase agreement,
 2-17 the merchant shall provide to the consumer at the time the agreement
 2-18 is presented to the consumer the additional disclosures prescribed
 2-19 by this section. The disclosures must:

2-20 (1) be entitled "Acknowledgment of Rental-Purchase
 2-21 Transaction";

2-22 (2) be on a separate page;

2-23 (3) be signed by the consumer; and

2-24 (4) include an acknowledgment that the consumer
 2-25 understands the consumer is entering into a rental-purchase
 2-26 agreement and that:

2-27 (A) under the agreement, the consumer does not
 2-28 own the merchandise but may acquire ownership rights by complying
 2-29 with the ownership option terms specified in the agreement;

2-30 (B) the agreement is not a credit transaction;

2-31 (C) if provided by the agreement, the consumer
 2-32 has the right to return the merchandise at any time without
 2-33 additional charge or penalty, and, on the merchandise's return, the
 2-34 consumer will owe only unpaid rental charges and fees;

2-35 (D) if the consumer fails to make a timely
 2-36 payment, the consumer has a right to reinstate the agreement as
 2-37 provided by the agreement and, if the merchandise is returned, the
 2-38 consumer is entitled to rent the same merchandise or substitute
 2-39 merchandise of comparable quality and condition if the consumer
 2-40 complies with the agreement and any applicable law; and

2-41 (E) the consumer has reviewed and understands the
 2-42 agreement, including the consumer's right and options to acquire
 2-43 ownership of the merchandise and the total cost of the merchandise
 2-44 if all scheduled payments are made.

2-45 SECTION 4. Section 92.0535, Business & Commerce Code, as
 2-46 added by this Act, applies only to a rental-purchase agreement
 2-47 entered into on or after the effective date of this Act. A
 2-48 rental-purchase agreement entered into before the effective date of
 2-49 this Act is governed by the law in effect on the date the
 2-50 rental-purchase agreement was entered into, and the former law is
 2-51 continued in effect for that purpose.

2-52 SECTION 5. This Act takes effect September 1, 2017.

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