

1-1 By: Campbell, Menéndez S.B. No. 1199
 1-2 (In the Senate - Filed March 2, 2017; March 9, 2017, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 April 18, 2017, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 18, 2017,
 1-6 sent 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. 1199 By: Campbell

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

1-21 relating to service contract providers.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Section 1304.003, Occupations Code, is amended
 1-24 by amending Subsection (a) and adding Subsection (e) to read as
 1-25 follows:
 1-26 (a) In this chapter:
 1-27 (1) "Identity recovery" means a process, through a
 1-28 limited power of attorney and the assistance of an identity
 1-29 recovery expert, that returns the identity of an identity theft
 1-30 victim to pre-identity theft event status.
 1-31 (2) "Service contract" means an agreement that is
 1-32 entered into for a separately stated consideration and for a
 1-33 specified term under which a provider agrees to:
 1-34 (A) repair, replace, or maintain a product, or
 1-35 provide indemnification for the repair, replacement, or
 1-36 maintenance of a product, for operational or structural failure or
 1-37 damage caused by a defect in materials or workmanship or by normal
 1-38 wear; ~~or~~
 1-39 (B) provide identity recovery, if the service
 1-40 contract is financed under Chapter 348 or 353, Finance Code; or
 1-41 (C) provide compensation to the buyer of a
 1-42 vehicle on the total constructive loss under a depreciation benefit
 1-43 optional member program.
 1-44 (3) "Depreciation benefit optional member program"
 1-45 means a service contract financed under Chapter 348 or 353, Finance
 1-46 Code, that pays to the buyer, as a credit toward the purchase of a
 1-47 replacement vehicle at a participating dealer, an amount less than
 1-48 or equal to the difference between the purchase price and actual
 1-49 cash value for a total constructive loss.
 1-50 (e) A service contract described by Subsection (a)(2)(C):
 1-51 (1) may not be required as a condition of approval of a
 1-52 loan for the purchase of a vehicle;
 1-53 (2) may not be offered by a dealer who requires a loan
 1-54 for the purchase of a vehicle to be financed exclusively with the
 1-55 dealer;
 1-56 (3) may be canceled by the buyer not later than the
 1-57 30th day after a buyer enters into the contract, without a penalty;
 1-58 (4) may be canceled by the buyer later than the 30th
 1-59 day after a buyer enters into the contract, with a pro rata refund
 1-60 to be provided to the buyer; and

2-1 (5) may only charge a fee that is reasonable in
2-2 relation to the benefit provided by the service contract.

2-3 SECTION 2. The changes in law made by this Act apply only to
2-4 a depreciation benefit optional member program service contract
2-5 entered into or renewed on or after the effective date of this Act.
2-6 A depreciation benefit optional member program service contract
2-7 entered into or renewed before the effective date of this Act is
2-8 governed by the law in effect immediately before the effective date
2-9 of this Act, and that law is continued in effect for that purpose.

2-10 SECTION 3. This Act takes effect September 1, 2017.

2-11 * * * * *