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| BILL ANALYSIS |

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| H.B. 4120 |
| By: Lucio III |
| Licensing & Administrative Procedures |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  It has been suggested that the amount of the required financial security deposit for providers of certain service contracts is too high and has had a negative effect on those providers and has created higher service contract rates for customers. H.B. 4120 seeks to address this issue by providing a more reasonable amount for such a security deposit for a provider who is a licensed motor vehicle dealer and offers to sell service contracts only on motor vehicles sold by the provider. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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**  H.B. 4120 amends the Occupations Code to reduce the amount of the required financial security deposit for a provider of a service contract under the Service Contract Regulatory Act from not less that $250,000 to not less than $25,000 if the provider is a licensed motor vehicle dealer and offers to sell service contracts only on motor vehicles sold by the provider. |
| **EFFECTIVE DATE**  September 1, 2019. |