

BILL ANALYSIS

Senate Research Center
86R14093 GRM-F

H.B. 4120
By: Lucio III (Menéndez)
Business & Commerce
5/12/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 4120 amends current law relating to the financial security requirement for providers obligated under certain service contracts.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1304.151, Occupations Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Prohibits the amount of the security deposit that is used to maintain a funded reserve account covering the provider's obligations under its service contracts that are issued and outstanding and placed in trust with the executive director of the Texas Commission of Licensing and Regulation from being less than \$250,000, except as provided by Subsection (b-1).

(b-1) Prohibits the amount of the security deposit required under Subsection (b) from being less than \$25,000 if the provider:

- (1) is a motor vehicle dealer licensed under Chapter 2301 (Sale or Lease of Motor Vehicles); and
- (2) offers to sell service contracts only on motor vehicles sold by the provider.

SECTION 2. Effective date: September 1, 2019.