

BILL ANALYSIS

Senate Research Center
86R5203 JES-D

S.B. 361
By: Huffman
Business & Commerce
2/15/2019
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The practice known as "pet leasing" consists of pet stores advertising loans to consumers to purchase pets on a payment plan, consumers completing the loan application with a third-party lender, and then repaying the loans without actually owning the pet until the terms of the contract are complete. The loans charge tremendously high annual percentage rate (APR) and often require consumers to make a final payment to retain possession of the pet at the end of the monthly payments, much like a car lease. Frequently, the pets are subject to repossession under the terms of the contract if a payment is missed, which leaves families saddled with tremendous debt while also having the possession of their pet jeopardized. The regularity of pet leasing has recently increased in Texas. S.B. 361 seeks to protect consumers from predatory lending by banning the practice.

As proposed, S.B. 361 amends current law relating to certain contracts for the transfer of a pet.

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 Title 99, Business and Commerce Code, by adding Chapter 2005, as follows:

CHAPTER 2005. CERTAIN CONTRACTS FOR TRANSFER OF PETS PROHIBITED

Sec. 2005.001. DEFINITIONS. Defines "livestock animal" and "pet" for purposes of this chapter.

Sec. 2005.002. CERTAIN CONTRACTS FOR TRANSFER OF PET PROHIBITED. (a) Prohibits a contract for the transfer of a pet or financing for the transfer of a pet from making ownership of the pet contingent upon the buyer making payments after the transfer of possession of the pet to the buyer, providing for a lease of the pet with the option to purchase the pet at the end of the lease term, or authorizing the use of the pet as collateral that may be repossessed by the seller.

(b) Establishes that this section does not prohibit the purchase of a pet using an unsecured personal loan.

Sec. 2005.003. CERTAIN CONTRACTS VOID. Provides that a contract entered into in violation of this chapter is void.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2019.