A BILL TO BE ENTITLED 1 AN ACT 2 relating to the requirement that a right-of-way agent obtain a license from the Texas Real Estate Commission; expanding an 3 occupational regulation. 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS: 5 6 SECTION 1. Section 1101.002, Occupations Code, is amended 7 by amending Subdivision (4) and adding Subdivisions (4-a), (6-a), and (6-b) to read as follows: 8 "License" means a broker license or sales agent 9 (4) license issued under this chapter. The term does not include a 10 right-of-way agent license. 11 12 (4-a) "License holder" means a broker or sales agent licensed under this chapter. The term does not include a holder of 13 a right-of-way agent license. 14 (6-a) "Right-of-way agent license" means a license 15 16 issued under Subchapter K. (6-b) "Right-of-way agent license holder" means a 17 person licensed under Subchapter K. 18 SECTION 2. Section 1101.151(a), Occupations Code, 19 is amended to read as follows: 20 21 (a) The commission shall: 22 (1)administer this chapter and Chapter 1102; 23 (2) adopt rules and establish standards relating to permissible forms of advertising by a license holder acting as a 24

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S.B. No. 2207 residential rental locator; 1 (3) maintain a list of right-of-way agent license 2 [registry of certificate] holders; and 3 4 (4) design and adopt a seal. 5 SECTION 3. Section 1101.152(a), Occupations Code, is amended to read as follows: 6 The commission shall adopt rules to charge and collect 7 (a) 8 fees in amounts reasonable and necessary to cover the costs of administering this chapter, including a fee for: 9 10 (1)filing an original application for a broker license; 11 (2) renewal of a broker license; 12 filing an original application for a sales agent 13 (3) 14 license; 15 (4) renewal of a sales agent license; 16 (5) filing an original application for a [registration 17 as an easement or] right-of-way agent license; (6) renewal of a right-of-way agent license; 18 (7) filing an application for a license examination; 19 20 (8) [(7)] filing a request for a branch office 21 license; 22 (9) [(8)] filing a request for a change of place of business, change of name, return to active status, or change of 23 24 sponsoring broker; 25 (10) [(9)] filing a request to replace a lost or 26 destroyed license or right-of-way agent license [or certificate of registration]; 27

S.B. No. 2207 1 (11) [(10)] filing an application for approval of an 2 education program under Subchapter G; 3 (12) [(11)] annual operation of an education program under Subchapter G; 4 5 (13) [(12)] filing an application for approval of an instructor of qualifying real estate courses; 6 7 (14) [(13)] transcript evaluation; 8 (15) [(14)] preparing a license or right-of-way agent license [registration] history; 9 10 (16) [(15)] filing a request for a moral character determination; and 11 (17) [(16)] conducting a criminal history check for 12 issuing or renewing a license. 13 14 SECTION 4. Section 1101.154(a), Occupations Code, is 15 amended to read as follows: (a) 16 The fee for the issuance or renewal of a: 17 (1) broker license is the amount of the fee set under Section 1101.152 and an additional \$70 fee; 18 sales agent license is the amount of the fee set 19 (2)under Section 1101.152 and an additional \$20 fee; and 20 21 right-of-way agent license [certificate of (3) registration] is the amount of the fee set under Section 1101.152 22 and an additional \$20 fee. 23 24 SECTION 5. Section 1101.205, Occupations Code, is amended 25 to read as follows: 26 Sec. 1101.205. COMPLAINT INVESTIGATION OF RIGHT-OF-WAY AGENT LICENSE [CERTIFICATE] HOLDER. The 27 commission shall

S.B. No. 2207 investigate a signed complaint received by the commission that 1 relates to an act of a right-of-way agent license [certificate] 2 holder or a person required to hold a right-of-way agent license 3 [certificate] under Subchapter K. Section 1101.204 applies to an 4 5 investigation under this section. 6 SECTION 6. Subchapter K, Chapter 1101, Occupations Code, is 7 amended to read as follows: 8 SUBCHAPTER K. RIGHT-OF-WAY AGENT LICENSE [CERTIFICATE] 9 REQUIREMENTS <u>RIGHT-OF-WAY AGENT LICENSE</u> [CERTIFICATE] 10 Sec. 1101.501. REQUIRED. (a) A person may not sell, buy, lease, or transfer an 11 12 easement or right-of-way [for another,] for compensation or with the expectation of receiving compensation $[\tau]$ for an entity with 13 eminent domain authority or for use in connection 14 with 15 telecommunication, utility, railroad, or pipeline service unless 16 the person: 17 (1) holds a broker license or sales agent license issued under this chapter; or 18 holds a right-of-way agent license [certificate of 19 (2) registration] issued under this subchapter. 20 21 (b) Subsection (a) does not apply to: (1) an entity with eminent domain authority or the 22 entity's employee; or 23 24 (2) an attorney licensed in this state. 25 Sec. 1101.502. ELIGIBILITY REQUIREMENTS FOR RIGHT-OF-WAY 26 AGENT LICENSE [CERTIFICATE]. (a) To be eligible to receive or renew a right-of-way agent license [a certificate of registration 27

S.B. No. 2207 1 a renewal certificate under this subchapter], a person must or [be]: 2 3 (1) be, at the time of application: 4 (A) at least 18 years of age; and 5 (B) [(2)] a citizen of the United States or a lawfully admitted alien; 6 7 (2) satisfy the commission as to the applicant's honesty, trustworthiness, and integrity; and 8 9 (3) complete the required courses of study, including qualifying education requirements, prescribed by the commission 10 11 under this subchapter. 12 (b) To be eligible to receive or renew a right-of-way agent license [a certificate of registration or a renewal certificate 13 14 under this subchapter], a business entity must designate as its 15 agent one of its managing officers who holds a right-of-way agent license issued [is registered] under this subchapter. 16 17 Sec. 1101.503. ISSUANCE OF RIGHT-OF-WAY AGENT LICENSE [CERTIFICATE]. (a) The commission shall issue a right-of-way 18 19 agent license [certificate of registration] to an applicant who meets the requirements for a right-of-way agent license under this 20 subchapter [certificate of registration]. 21 The right-of-way agent license [certificate] remains in 22 (b) effect for the period prescribed by the commission if the 23 24 right-of-way agent license [certificate] holder complies with this chapter, including the requirements of this subchapter, and pays 25 26 the appropriate renewal fees. 27 Sec. 1101.504. RIGHT-OF-WAY AGENT LICENSE DURATION,

1 [CERTIFICATE] EXPIRATION, AND RENEWAL. The provisions of Section 2 <u>1101.451 governing the</u> duration, expiration, and renewal of a 3 <u>broker or sales agent license apply</u> [certificate of registration 4 are subject to the same provisions as are applicable under Section 5 <u>1101.451</u>] to the duration, expiration, and renewal of a 6 <u>right-of-way agent license issued under this subchapter</u>.

7 Sec. 1101.5041. CRIMINAL HISTORY RECORD INFORMATION REQUIREMENT FOR <u>RIGHT-OF-WAY AGENT LICENSE</u> [CERTIFICATE]. 8 An applicant for an original [certificate of registration] or renewal 9 10 right-of-way agent license [of a certificate of registration] must comply with the criminal history record check requirements of 11 Section 1101.3521. 12

Sec. 1101.505. DENIAL OF <u>RIGHT-OF-WAY AGENT LICENSE</u>
[<u>CERTIFICATE</u>]. The denial of a <u>right-of-way agent license</u>
[<u>certificate of registration</u>] is subject to the same provisions as
are applicable under Section 1101.364 to the denial of a <u>broker or</u>
sales agent license.

18 Sec. 1101.506. CHANGE OF ADDRESS. Not later than the 10th 19 day after the date a <u>right-of-way agent license</u> [certificate] 20 holder moves its place of business from a previously designated 21 address, the <u>right-of-way agent license</u> holder shall:

22

(1) notify the commission of the move; and

(2) obtain a new <u>right-of-way agent license</u>
[certificate of registration] that reflects the address of the new
place of business.

26 Sec. 1101.507. DISPLAY OF <u>RIGHT-OF-WAY AGENT LICENSE</u> 27 [CERTIFICATE]. A <u>right-of-way agent license</u> [certificate] holder

S.B. No. 2207 1 shall prominently display at all times the holder's right-of-way agent license [certificate of registration] in the right-of-way 2 3 agent license holder's place of business. 4 Sec. 1101.508. NOTICE TO CONSUMERS. The commission by rule 5 may: 6 (1) prescribe the text of consumer notices regarding a 7 right-of-way agent license holder; and (2) establish the methods by which a right-of-way 8 agent license holder provides a consumer notice or the statement 9 10 prepared and provided under Section 402.031, Government Code. Sec 1101.509. QUALIFYING EDUCATION REQUIREMENTS. (a) The 11 12 commission by rule shall approve coursework that an applicant must successfully complete to be eligible for a right-of-way agent 13 14 license under this subchapter. 15 (b) An applicant for a right-of-way agent license shall submit evidence satisfactory to the commission that the applicant 16 17 has completed at least 15 classroom hours of right-of-way agent coursework approved by the commission in: 18 19 (1) the law of eminent domain, including the rights of 20 property owners; 21 (2) appropriate standards of professionalism in 22 contacting and conducting negotiations with property owners; and (3) ethical considerations in the performance of 23 24 right-of-way acquisition services. Sec. 1101.510. CONTINUING EDUCATION. (a) To be eligible 25 26 to renew a right-of-way agent license, the right-of-way agent license holder must submit evidence satisfactory to the commission 27

that the right-of-way agent license holder successfully completed 1 at least six classroom hours of continuing education approved by 2 3 the commission. 4 (b) The commission by rule shall prescribe the title, content, administration, and duration of continuing education 5 courses that a right-of-way agent license holder must successfully 6 7 complete to renew a right-of-way agent license under this 8 subchapter. 9 SECTION 7. Sections 1101.601 and 1101.602, Occupations Code, are amended to read as follows: 10 Sec. 1101.601. REAL ESTATE RECOVERY TRUST 11 ACCOUNT. The commission shall maintain a real estate recovery trust 12 (a) account to reimburse aggrieved persons who suffer actual damages 13 14 caused by an act described by Section 1101.602 committed by: 15 a license holder; 16 right-of-way agent license [certificate] (2) a holder; or 17 (3) person who does not hold a license 18 а or 19 right-of-way agent license [certificate] and who is an employee or agent of a license holder or right-of-way agent license 20 [certificate] holder. 21 The license holder or right-of-way agent license 22 (b) [certificate] holder must have held the license or right-of-way 23 24 agent license [certificate] at the time the act was committed. Sec. 1101.602. ENTITLEMENT TO REIMBURSEMENT. An aggrieved 25 person is entitled to reimbursement from the trust account if a 26 person described by Section 1101.601 engages in conduct that 27

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1 requires a license or <u>right-of-way agent license</u> [certificate of 2 registration] under this chapter and is described by Section 3 1101.652(a-1)(1) or (b), if the person is a license holder, or 4 Section 1101.653(1), (2), (3), or (4), if the person is a 5 <u>right-of-way agent license</u> [certificate] holder.

6 SECTION 8. Sections 1101.603(a) and (e), Occupations Code, 7 are amended to read as follows:

8 (a) In addition to other fees required by this chapter, the 9 commission shall collect a fee of \$10 to deposit to the credit of 10 the trust account from an applicant for an original license or 11 <u>right-of-way agent license</u> [certificate of registration].

(e) On a determination by the commission at any time that the balance in the trust account is less than \$1 million, each license <u>holder</u> or <u>right-of-way agent license</u> [certificate] holder at the next renewal must pay, in addition to the renewal fee, an additional fee of \$10. The commission shall deposit the additional fee to the credit of the trust account.

18 SECTION 9. Section 1101.605(b), Occupations Code, is 19 amended to read as follows:

(b) When an aggrieved person brings an action for a judgment 20 that may result in an agreed judgment and order for payment from the 21 trust account, the aggrieved person and the license holder or 22 right-of-way agent license [certificate] holder against whom the 23 24 action is brought shall notify the commission in writing before entry of the agreed judgment and deliver a copy of all petitions and 25 26 pleadings and the proposed agreed judgment to the commission. The commission will notify the parties not later than the 30th day after 27

1 the date of receiving the documents if the commission intends to 2 relitigate material and relevant issues as to the applicability of 3 the trust account to the agreed judgment as provided by Section 4 1101.608.

5 SECTION 10. Section 1101.606(a), Occupations Code, is 6 amended to read as follows:

Except as provided by Subsections (c) and (c-1), 7 (a) an 8 aggrieved person who obtains a court judgment against a license holder or right-of-way agent license [certificate] holder for an 9 act described by Section 1101.602 may, after final judgment is 10 entered, execution returned nulla bona, and a judgment lien 11 12 perfected, file a verified claim in the court that entered the 13 judgment.

14 SECTION 11. Section 1101.607, Occupations Code, is amended 15 to read as follows:

16 Sec. 1101.607. ISSUES AT HEARING. At the hearing on the 17 application for payment from the trust account, the aggrieved 18 person must show:

19 (1) that the judgment is based on facts allowing20 recovery under this subchapter;

21

(2) that the person is not:

(A) the spouse of the judgment debtor or thepersonal representative of the spouse;

24 (B) а license holder right-of-way agent or 25 [certificate] holder who license is seeking to recover 26 compensation, including a commission, in the real estate transaction that is the subject of the application for payment; or 27

S.B. No. 2207 (C) related to the judgment debtor within the 2 first degree by consanguinity;

3 (3) that, according to the best information available,
4 the judgment debtor does not have sufficient attachable assets in
5 this or another state to satisfy the judgment;

6 (4) the amount that may be realized from the sale of 7 assets liable to be sold or applied to satisfy the judgment; and

8 (5) the balance remaining due on the judgment after 9 application of the amount under Subdivision (4).

10 SECTION 12. Sections 1101.610(b) and (c), Occupations Code, 11 are amended to read as follows:

(b) Payments from the trust account for claims based on judgments against a single license <u>holder</u> or <u>right-of-way agent</u> <u>license</u> [certificate] holder may not exceed a total of \$100,000 until the license <u>holder</u> or <u>right-of-way agent license</u> [certificate] holder has reimbursed the trust account for all amounts paid.

(c) If the court finds that the total amount of claims against a license <u>holder</u> or <u>right-of-way agent license</u> [certificate] holder exceeds the limitations in this section, the court shall proportionately reduce the amount payable on each claim.

23 SECTION 13. Section 1101.613, Occupations Code, is amended 24 to read as follows:

25 Sec. 1101.613. EFFECT ON DISCIPLINARY PROCEEDINGS. 26 (a) This subchapter does not limit the commission's authority to 27 take disciplinary action against a license <u>holder</u> or <u>right-of-way</u>

1 <u>agent license</u> [certificate] holder for a violation of this chapter
2 or a commission rule.

3 (b) A license <u>holder's</u> or <u>right-of-way agent license</u> 4 <u>holder's</u> [certificate holder's] repayment of all amounts owed to 5 the trust account does not affect another disciplinary proceeding 6 brought under this chapter.

7 SECTION 14. Section 1101.615, Occupations Code, is amended 8 to read as follows:

9 Sec. 1101.615. NOTICE TO CONSUMERS AND SERVICE RECIPIENTS. 10 [(a)] The commission by rule shall prescribe a notice regarding 11 the availability of payment from the trust account for aggrieved 12 persons and establish methods by which each license <u>holder</u> and 13 <u>right-of-way agent license</u> [certificate] holder shall provide the 14 notice to consumers and service recipients.

15 SECTION 15. Section 1101.653, Occupations Code, is amended 16 to read as follows:

Sec. 1101.653. GROUNDS FOR SUSPENSION OR REVOCATION OF <u>RIGHT-OF-WAY AGENT LICENSE</u> [CERTIFICATE]. The commission may suspend or revoke a <u>right-of-way agent license</u> [certificate of <u>registration</u>] issued under this chapter if the <u>right-of-way agent</u> <u>license</u> [certificate] holder:

(1) engages in dishonest dealing, fraud, unlawfuldiscrimination, or a deceptive act;

- 24 (2) makes a misrepresentation;
 25 (3) acts in bad faith;
 26 (4) demonstrates untrustworthiness;
- 27 (5) fails to honor, within a reasonable time, a check

1 issued to the commission after the commission has mailed a request for payment to the <u>right-of-way agent license</u> [certificate] 2 3 holder's last known address according to the commission's records; (6) fails to provide to a party to a transaction a 4 5 written notice prescribed by the commission that: (A) must be given before the party is obligated 6 7 to sell, buy, lease, or transfer a right-of-way or easement; and 8 (B) contains: (i) the name of the right-of-way agent 9 10 license [certificate] holder; 11 (ii) the right-of-way agent license 12 [certificate] number; (iii) the 13 name of the person the 14 right-of-way agent license [certificate] holder represents; 15 (iv) a statement advising the party that the party may seek representation from a lawyer or broker in the 16 17 transaction; and (v) a statement generally advising the 18 19 party that the right-of-way or easement may affect the value of the 20 property; or (7) disregards or violates 21 this chapter or а 22 commission rule relating to right-of-way agent license 23 [certificate] holders. 24 SECTION 16. Section 1101.654, Occupations Code, is amended to read as follows: 25 26 Sec. 1101.654. SUSPENSION OR REVOCATION OF LICENSE OR RIGHT-OF-WAY AGENT LICENSE [CERTIFICATE] FOR UNAUTHORIZED PRACTICE 27

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1 OF LAW. (a) The commission shall suspend or revoke the license or right-of-way agent license [certificate of registration] of a 2 license holder or right-of-way agent license [certificate] holder 3 who is not a licensed attorney in this state and who, for 4 5 consideration, a reward, or a pecuniary benefit, present or anticipated, direct or indirect, or in connection with the person's 6 employment, agency, or fiduciary relationship as a license holder 7 8 or right-of-way agent license [certificate] holder:

9 (1) drafts an instrument, other than a form described 10 by Section 1101.155, that transfers or otherwise affects an 11 interest in real property; or

12 (2) advises a person regarding the validity or legal 13 sufficiency of an instrument or the validity of title to real 14 property.

15 (b) Notwithstanding any other law, a license <u>holder</u> or 16 <u>right-of-way agent license</u> [certificate] holder who completes a 17 contract form for the sale, exchange, option, or lease of an 18 interest in real property incidental to acting as a broker is not 19 engaged in the unauthorized or illegal practice of law in this state 20 if the form was:

21 (1) adopted by the commission for the type of 22 transaction for which the form is used;

(2) prepared by an attorney licensed in this state and
approved by the attorney for the type of transaction for which the
form is used; or

26 (3) prepared by the property owner or by an attorney27 and required by the property owner.

SECTION 17. The heading to Section 1101.655, Occupations
 Code, is amended to read as follows:

3 Sec. 1101.655. REVOCATION OF LICENSE [OR CERTIFICATE] FOR
4 CLAIM ON ACCOUNT.

5 SECTION 18. Sections 1101.655(a), (b), and (c), Occupations
6 Code, are amended to read as follows:

7 (a) The commission shall revoke a license, approval, or
8 <u>right-of-way agent license</u> [registration] issued under this
9 chapter or Chapter 1102 if:

10 (1) the commission makes a payment from the real 11 estate recovery trust account under Subchapter M on behalf of a 12 license <u>holder</u> or <u>right-of-way agent license</u> [registration] 13 holder; and

14 (2) the license <u>holder</u> or <u>right-of-way agent license</u> 15 [registration] holder does not repay the real estate recovery trust 16 account the full amount of a payment made on the license <u>holder's</u> or 17 <u>right-of-way agent license</u> [registration] holder's behalf before 18 the 31st day after the date the commission provides notice to the 19 license <u>holder</u> or <u>right-of-way agent license</u> [registration] 20 holder.

(b) The commission may probate an order revoking a license,
 approval, or <u>right-of-way agent license</u> [registration] under this
 section.

(c) A person is not eligible for a license or <u>right-of-way</u>
 <u>agent license</u> [certificate] until the person has repaid in full the
 amount paid from the account for the person, plus interest at the
 legal rate.

SECTION 19. Section 1101.657(a), Occupations Code, is
 amended to read as follows:

(a) If the commission proposes to deny, suspend, or revoke a
person's license or <u>right-of-way agent license</u> [certificate of
registration], the person is entitled to a hearing conducted by the
State Office of Administrative Hearings.

7 SECTION 20. Section 1101.660(b), Occupations Code, is 8 amended to read as follows:

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(b) Rules adopted under this section must:

10 (1) provide the complainant and the license holder, 11 <u>right-of-way agent license</u> [certificate] holder, or regulated 12 entity an opportunity to be heard; and

13

(2) require the presence of:

14 (A) a public member of the commission for a case15 involving a consumer complaint; and

16 (B) at least two staff members of the commission 17 with experience in the regulatory area that is the subject of the 18 proceeding.

SECTION 21. Section 1101.663, Occupations Code, is amended to read as follows:

21 Sec. 1101.663. REAPPLYING AFTER REVOCATION, SURRENDER, OR 22 DENIAL. A person whose license or <u>right-of-way agent license</u> 23 [registration] has been revoked, a person who has surrendered a 24 license or <u>right-of-way agent license</u> [registration] issued by the 25 commission, or a person whose application for a license or 26 <u>right-of-way agent license</u> [registration] has been denied after a 27 hearing under Section 1101.657 may not apply to the commission for a

1 license or <u>right-of-way agent license</u> [registration] before the 2 second anniversary of the date of the revocation, surrender, or 3 denial.

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SECTION 22. The heading to Section 1101.753, Occupations
Code, is amended to read as follows:

6 Sec. 1101.753. CIVIL PENALTY FOR CERTAIN VIOLATIONS BY 7 BROKER, SALES AGENT, OR <u>RIGHT-OF-WAY AGENT</u> [CERTIFICATE HOLDER].

8 SECTION 23. Section 1101.753(a), Occupations Code, is 9 amended to read as follows:

10 (a) In addition to injunctive relief under Sections 11 1101.751 and 1101.752, a person who receives a commission or other 12 consideration as a result of acting as a broker or sales agent 13 without holding a license or <u>right-of-way agent license</u> 14 [certificate of registration] under this chapter is liable to the 15 state for a civil penalty of not less than the amount of money 16 received or more than three times the amount of money received.

SECTION 24. The heading to Section 1101.754, Occupations Code, is amended to read as follows:

19 Sec. 1101.754. PRIVATE CAUSE OF ACTION FOR CERTAIN 20 VIOLATIONS BY BROKER, SALES AGENT, OR <u>RIGHT-OF-WAY AGENT</u> 21 [CERTIFICATE HOLDER].

22 SECTION 25. Section 1101.754(a), Occupations Code, is
23 amended to read as follows:

(a) A person who receives a commission or other
 consideration as a result of acting as a broker or sales agent
 without holding a license or <u>right-of-way agent license</u>
 [certificate of registration] under this chapter is liable to an

aggrieved person for a penalty of not less than the amount of money
 received or more than three times the amount of money received.

3 SECTION 26. The heading to Section 1101.758, Occupations4 Code, is amended to read as follows:

5 Sec. 1101.758. CRIMINAL PENALTY FOR CERTAIN VIOLATIONS BY
6 BROKER, SALES AGENT, OR <u>RIGHT-OF-WAY AGENT</u> [CERTIFICATE HOLDER].

7 SECTION 27. Section 1101.758(a), Occupations Code, is 8 amended to read as follows:

9

(a) A person commits an offense if the person:

10 <u>(1)</u> acts as a broker or sales agent without holding a 11 <u>broker license or sales agent</u> license under this chapter<u>, as</u> 12 <u>applicable;</u> or

13 (2) engages in an activity for which a <u>right-of-way</u> 14 <u>agent license</u> [certificate of registration] is required under this 15 chapter without holding a <u>right-of-way agent license</u> 16 [certificate].

17 SECTION 28. Section 1101.002(2), Occupations Code, is 18 repealed.

SECTION 29. Not later than January 1, 2020, the Texas Real Estate Commission shall adopt rules to implement Subchapter K, Chapter 1101, Occupations Code, as amended by this Act.

SECTION 30. Chapter 1101, Occupations Code, as amended by this Act, applies only to an application for an original or renewal right-of-way agent license filed on or after March 1, 2020. An application for an original or renewal certificate of registration as an easement or right-of-way agent filed before March 1, 2020, is governed by the law in effect on the date the application was filed,

1 and the former law is continued in effect for that purpose.

2 SECTION 31. (a) Except as provided by Subsection (b) of 3 this section, this Act takes effect March 1, 2020.

4 (b) Section 29 of this Act takes effect September 1, 2019.