

By: Middleton

H.B. No. 3305

A BILL TO BE ENTITLED

AN ACT

relating to requiring the disclosure of the place of origin for products sold online; authorizing a civil penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 5, Business & Commerce Code, is amended by adding Chapter 113 to read as follows:

CHAPTER 113. DISCLOSURE REQUIRED FOR E-COMMERCE

Sec. 113.001. APPLICABILITY. This chapter applies only to a business entity that is a taxable entity subject to the franchise tax under Chapter 171, Tax Code.

Sec. 113.002. DEFINITIONS. In this chapter:

(1) "Comptroller" means the comptroller of public accounts of the State of Texas.

(2) "E-commerce" means the sale, transfer, negotiation, or exchange of goods for value that occurs through the Internet or another electronic method.

(3) "Place of origin" means the state or geographic region in which a good was manufactured or produced and the country in which the state or geographic region is located.

Sec. 113.003. DISCLOSURE REQUIRED. (a) A business entity that engages in e-commerce shall disclose in writing the place of origin for each good offered for purchase to a person in Texas.

(b) The disclosure required under Subsection (a) shall appear:

1           (1) on each web page on which the good is made  
2 available for purchase; and

3           (2) in a size and typeface that is reasonably legible  
4 and conspicuous.

5           (c) For purposes of this section, a web page does not make a  
6 good available for purchase if:

7           (1) the web page only contains advertisements in which  
8 the good appears or other images of the good; and

9           (2) a person cannot:

10           (A) purchase the good directly from the web page;  
11 or

12           (B) indicate through the web page an intention to  
13 purchase the good.

14           Sec. 113.004. VIOLATION. A business entity commits a  
15 violation if the business entity:

16           (1) fails to provide the disclosure required by  
17 Section 113.003; or

18           (2) provides fraudulent, misleading, or deceptive  
19 information in the disclosure required by Section 113.003.

20           Sec. 113.005. COMPLAINTS; INVESTIGATIONS. (a) The  
21 comptroller by rule shall establish a method by which a person may  
22 file a complaint for an alleged violation of this chapter.

23           (b) The comptroller shall conduct an investigation of an  
24 alleged violation of this chapter, unless the comptroller  
25 determines the complaint:

26           (1) does not allege a violation of this chapter;

27           (2) is brought against a business entity that is not

1 subject to this chapter; or

2 (3) does not contain sufficient information to conduct  
3 an investigation.

4 Sec. 113.006. NOTICE; OPPORTUNITY TO CURE. (a) Upon the  
5 conclusion of an investigation under Section 113.005(b), the  
6 comptroller shall provide written notice to a business entity of  
7 any violation of this chapter.

8 (b) The comptroller shall provide a business entity 30 days  
9 to cure any violation of which the business entity is notified under  
10 Subsection (a).

11 Sec. 113.007. CIVIL PENALTY. (a) If a business entity  
12 fails to cure a violation before the 31st day after receiving a  
13 notice under Section 113.006(a), the comptroller may assess a civil  
14 penalty against the business entity in an amount not to exceed the  
15 greater of:

16 (1) \$250 for each day in which a violation occurs; or

17 (2) \$10,000.

18 (b) The comptroller may assess a separate penalty under  
19 Subsection (a) for each violation for which notice was given.

20 (c) A penalty assessed under this section may be recovered  
21 by the comptroller in the same manner as is provided by Subtitle B,  
22 Title 2, Tax Code, for the recovery of delinquent taxes.

23 Sec. 113.008. RULES. The comptroller may adopt rules for  
24 the administration of this chapter.

25 SECTION 2. This Act takes effect September 1, 2021.