

BILL ANALYSIS

H.B. 2884
By: Lujan
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When renting a vehicle, Texans have the option to enter into a collision damage waiver contract. A collision damage waiver is an optional contract sold by rental car companies to cover a person in case of an accident or other damage to the rental car. Stakeholders brought to light that there is a disparity in statute regarding rental agreement contracts. When the damage waiver statute defines the product as limited to 30 days only, while the Tax Code defines a rental as up to 180 days, the consumer may not have the option to purchase a damage waiver beyond the initial 30-day period, even when they need the vehicle much longer. A person must either return to the rental shop and enter into a new 30-day agreement, if the provider even allows for an additional waiver, or continue operating the rental car without coverage and be liable for any damage that may occur. H.B. 2884 seeks to remedy a contradiction between statutes by mirroring the Tax Code timeline of 180 days in the Business & Commerce Code to provide consistency in contract lengths for all rental agreements. It is important to note, a collision damage waiver contract is not required when renting a rental vehicle; however, for those who opt to purchase the waiver, this legislation will allow for longer coverage for the rental agreement period.

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. 2884 amends the Business & Commerce Code to lengthen the maximum duration of a rental, in order to constitute a "rental agreement" and a "rental company" for purposes of statutory provisions relating to private passenger vehicle rental companies, from 30 days to 180 days. The bill applies only to a rental agreement entered into on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.