

BILL ANALYSIS

C.S.H.B. 1395

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Trade, Workforce & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

When renting a vehicle in Texas, customers may enter into a collision damage waiver contract, which 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. The collision damage waiver covers only the rented car and removes a person's liability for damage caused to it in an accident. This waiver is not insurance coverage, rather an optional contract agreement entered into by the renter and the rental car company for a period of time, typically executed at or before the time a rental agreement is made. Under current state law, these contracts are limited to terms of 30 days or less. However, there are many instances where a consumer will require a rental vehicle well beyond a 30-day period. Furthermore, the Tax Code defines a rental as an agreement for the use of a motor vehicle for a period of up to 180 days. Consumers must either return to the rental provider to enter a new contract, if allowed, or operate the vehicle without coverage, exposing them to full financial liability for any damages. C.S.H.B. 1395 seeks to remedy this 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. Allowing rental car companies to offer collision damage waiver contracts for the full duration of a rental, or up to 180 days, will ensure Texans have the coverage they need when renting a vehicle for extended periods.

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

C.S.H.B. 1395 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 requires such a rental company to issue to a renter a refund of any damage waiver charges charged or collected for a period that exceeds the number of calendar days the damage waiver is in effect under the following conditions:

- the renter returns a rented motor vehicle before the anticipated return date; or
- the damage waiver is not in effect for the entire period of the rental agreement because the renter cancels the damage waiver before the anticipated return date, and the rental company confirms that the rented motor vehicle was not damaged before the damage waiver's cancellation.

C.S.H.B. 1395 applies only to a rental agreement entered into on or after the bill's effective date. A rental agreement entered into before the bill's effective date is governed by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1395 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The introduced and the substitute both require a rental company to issue a refund of damage waiver charges under certain conditions but differ in the following ways:

- the introduced conditioned the refund requirement on a renter returning a rented motor vehicle before the conclusion of the rental term, whereas the substitute conditions the refund requirement on the following:
 - the renter returning a rented motor vehicle before the anticipated return date; or
 - the damage waiver not being in effect for the entire period of the rental agreement because the renter cancels the damage waiver before the anticipated return date, and the rental company confirming that the rented motor vehicle was not damaged before the cancellation;
- whereas the introduced required the refund to be a pro rata refund of the damage waiver charge from the date the vehicle is returned, the substitute requires the refund to be of any damage waiver charges charged or collected for a period that exceeds the number of calendar days the damage waiver is in effect; and
- the substitute specifies that the refund be issued to the renter, while the introduced did not make that specification.