

BILL ANALYSIS

Senate Research Center
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H.B. 3466
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas in-home sales statute, Chapter 601, was initially enacted to protect consumers from high-pressure door-to-door sales tactics by providing a three-day right to cancel certain purchases made in the home. Although appropriate for in-home sales of goods, this statute has since been applied to service contracts and services that are already regulated and/or cancellable at any time under existing Texas and federal law. These services are subject to strict consumer protection requirements, including mandatory disclosures and the right to cancel at any time, and are overseen by state regulatory agencies. As a result, applying the in-home sales statute to these services creates duplicative regulations that impose unnecessary costs and confusion without providing additional consumer benefits. The three-day right to cancel will still apply to in-home sales of goods that are not service contracts.

Service contracts are subject to extensive regulation under Chapter 1304 of the Texas Occupations Code and corresponding Texas Department of Licensing and Regulation (TDLR) rules, as consumers can cancel these agreements at any time, not only within the first three days. Nonetheless, these services remain subject to outdated statutory requirements, including paper form and mailing provisions, which serve no practical consumer protection purpose in this context. Texas is also one of a few states that apply overlapping regulations to these products, placing Texas businesses at a competitive disadvantage and unnecessarily increasing compliance costs.

H.B. 3466 addresses this issue by exempting service contracts and cancel-at-any-time services from the in-home sales statute while preserving its application to the sale of goods. This change will eliminate redundant regulation and align Texas law with most states while ensuring that service contracts and cancellable services remain fully subject to existing consumer protection frameworks, including state regulatory oversight, the Texas Deceptive Trade Practices Act, and federal rules such as the FTC's "Cooling-Off" Rule. H.B. 3466 reflects a balanced approach that reduces unnecessary regulatory burdens while preserving robust consumer protections.

H.B. 3466 amends current law relating to the cancellation of certain consumer transactions.

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 Section 601.002(b), Business & Commerce Code, as follows:

(b) Provides that Chapter 601 (Applicability of Chapter; Exception), notwithstanding Subsection (a) (relating to providing that this chapter applies only to a consumer transaction in which certain criteria are met), does not apply to certain transactions, including a service contract regulated under Chapter 1304 (Service Contract Providers and Administrators), Occupations Code, by the Texas Department of Licensing and Regulation or a sale of a service if the service is cancellable by the consumer at any time and the right to cancel the service is provided to the consumer in writing. Makes nonsubstantive changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025