

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1036
By: Zaffirini
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas is now the nation's leader in solar power generation, but this success has been undermined by a surge in fraudulent and predatory residential solar panel sales practices. These scams are largely driven by door-to-door sales companies, which disproportionately target elderly and non-English-speaking Texans. Common deceptive tactics include false promises that federal tax credits will cover the full cost of solar panel installations, misleading claims that solar panels will entirely eliminate electric bills, and high-pressure sales tactics that involve presenting an iPad for electronic initials under the pretense of starting a quote process. In reality, consumers are signing binding 20+-year contracts involving tens of thousands of dollars in financing. In the worst cases, some unscrupulous sales companies secure financing, collect their commissions upfront, and disappear, leaving homeowners burdened with debt for non-functional solar panels.

While the Office of the Attorney General (OAG) currently allows consumers to file complaints under deceptive trade practices law, the existing system is purely reactive, requiring victims to identify and report the fraud themselves. Given that many victims are from vulnerable populations, this framework fails to provide adequate consumer protection.

To proactively prevent fraud, S.B. 1036 would require solar panel sales companies and individual salespersons to register with the Texas Department of Licensing and Regulation (TDLR). This bill would grant TDLR regulatory authority to establish standardized contract language to ensure clarity for consumers, mandate key disclosures at the time of solicitation—including accurate cost and financing details—identify and prohibit deceptive sales practices, administer civil penalties for violations, with enhanced penalties when victims are 65 or older, and guarantee a consumer's right to cancel a solar panel sales contract within five business days of signing.

This bill would protect Texans—particularly elderly and vulnerable residents—from fraudulent solar panel sales, ensure regulatory oversight by providing clear guidelines for legitimate solar companies while holding bad actors accountable, support reputable solar panel businesses by ensuring that responsible companies operate in a transparent and ethical market, and strengthen consumer confidence in the solar industry by preventing fraudulent companies from tarnishing the industry's reputation.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1036 amends current law relating to the regulation of residential solar retail transactions, requires an occupational registration, authorizes fees, and provides civil and administrative penalties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTION 1 (Sections 1806.051 and 1806.53, Occupations Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 11, Occupations Code, by adding Chapter 1806, as follows:

CHAPTER 1806. RESIDENTIAL SOLAR RETAILERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1806.001. SHORT TITLE. Authorizes this chapter to be cited as the Residential Solar Retailer Regulatory Act.

Sec. 1806.002. GENERAL DEFINITIONS. Defines "commission," "department," "electric cooperative," "electrical contractor," "executive director," "municipally owned utility," "residential solar energy system," "residential solar retail," "solar energy system," "solar retailer," and "solar salesperson."

Sec. 1806.003. DEFINITION OF CONTROLLING PERSON. (a) Defines "business entity."

(b) Defines "controlling person."

Sec. 1806.004. LIMITED APPLICABILITY TO ELECTRICAL CONTRACTORS. (a) Provides that, if an electrical contractor employs an individual to engage in residential solar retail on behalf of the electrical contractor, the electrical contractor is exempt from the registration and insurance requirements of this chapter applicable to a solar retailer, except that an agreement in which the electrical contractor is the seller or lessor is subject to Sections 1806.155 and 1806.156.

(b) Provides that if an individual is employed by an electrical contractor to engage in residential solar retail on behalf of the electrical contractor, the individual is exempt from the registration requirements of this chapter.

Sec. 1806.005. APPLICABILITY. (a) Provides that this chapter does not apply to:

(1) except as provided by Subsection (b), a written agreement entered into in this state for the sale or lease of a residential solar energy system and pertaining to a residential property located outside this state; or

(2) a solar energy system intended for temporary or emergency use or to provide power to a single appliance; that, if combined with other systems that produce electricity, produces in combination with the other systems a total peak output power of less than one kilowatt, or, if not combined with other systems that produce electricity, is designed to produce a peak output power of less than one kilowatt; or sold or leased for commercial purposes, including a solar energy system installed on the premises of a nonresidential property or to provide power to a multifamily dwelling that exceeds four dwelling units or stories before September 1, 2025, or in connection with new residential construction; or

(b) Provides that this chapter applies to any residential solar retail occurring in this state in connection with an agreement described by Subsection (a)(1).

Sec. 1806.006. PREEMPTION. Provides that, to the extent of any conflict between this chapter and any of the following laws, this chapter prevails over a municipal ordinance regulating the same conduct as this chapter or Chapter 115 (Sales and Leasing of Distributed Renewable Generation Resources) or 601 (Cancellation of Certain Consumer Transactions), Business & Commerce Code.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 1806.051. GENERAL POWERS AND DUTIES. (a) Requires the Texas Department of Licensing and Regulation (TDLR) to administer and enforce this chapter.

(b) Requires the Texas Commission of Licensing and Regulation (TCLR) to adopt rules necessary to administer and enforce this chapter, including:

(1) in addition to any practice prohibited or restricted by this chapter, prohibiting or restricting any specific unfair, deceptive, or misleading practices related to residential solar retail and specifying those practices;

(2) requiring a solar retailer or solar salesperson to provide disclosures or educational materials when selling or leasing, or offering to sell or lease, a residential solar energy system and specifying the form and format of those disclosures;

(3) regulating the form and format of an agreement for the sale or lease of a residential solar energy system;

(4) establishing insurance requirements for solar retailers; and

(5) establishing continuing education requirements as a prerequisite to renew a solar salesperson registration under this chapter.

(c) Requires TCLR to consult the Office of Consumer Credit Commissioner in adopting rules described by Subsections (b)(2) and (3) to ensure compliance with federal and state law governing financial transactions, including the Truth in Lending Act (15 U.S.C. Section 1601 et seq.).

Sec. 1806.052. FEES. Requires TCLR to establish and collect reasonable and necessary fees in amounts sufficient to cover the costs of administering this chapter and any other activity or function necessary for effective regulation under this chapter.

Sec. 1806.053. EDUCATIONAL MATERIALS. (a) Requires the Public Utility Commission of Texas to develop, in consultation with TDLR and the Office of the Attorney General, educational materials that inform consumers of the consumers' rights and remedies related to the purchase or lease of residential solar energy systems under this chapter and other applicable laws.

(b) Authorizes TCLR by rule to require solar retailers and solar salespersons when engaging in residential solar retail to provide solicited persons with the education materials developed under this section.

SUBCHAPTER C. REGISTRATION

Sec. 1806.101. REGISTRATION REQUIRED: SOLAR SALESPERSON. Prohibits a person from engaging in residential solar retail for compensation unless the person engages in residential solar retail on behalf of a solar retailer and is registered as a solar salesperson under this chapter.

Sec. 1806.102. REGISTRATION REQUIRED: SOLAR RETAILER. Prohibits a person from employing or otherwise contracting for the services of an individual to engage in residential solar retail on behalf of the person unless the person is registered as a solar retailer.

Sec. 1806.103. ELIGIBILITY FOR REGISTRATION. (a) Requires a person, to be eligible for a registration under this chapter, to submit an application to TDLR, pay any required fees, and meet the eligibility requirements of this chapter and of rules adopted under this chapter.

(b) Requires the applicant, to be eligible to register as a solar salesperson, to be an individual.

Sec. 1806.104. SOLAR RETAILER APPLICATION. Requires that an application to register as a solar retailer include, if the solar retailer is an entity, a list of each controlling person of the solar retailer, the name and registration number of each solar salesperson who engages in residential solar retail on behalf of the solar retailer, and evidence

satisfactory to TDLR that the applicant has insurance meeting the requirements established by TCLR rule.

Sec. 1806.105. CRIMINAL HISTORY RECORD INFORMATION CHECK. Authorizes TDLR to conduct a criminal history record information check of each applicant or, if applicable, any controlling person of an applicant for a registration under this chapter using information provided by the applicant and made available to TDLR by the Department of Public Safety and any other criminal justice agency under Chapter 411 (Department of Public Safety of the State of Texas), Government Code.

Sec. 1806.106. EXEMPTION FROM CONTINUING EDUCATION. Prohibits a solar retailer, notwithstanding Section 51.405 (Continuing Education) or any other provision of this chapter, from being required to complete continuing education to renew the solar retailer's registration under this chapter.

SUBCHAPTER D. PRACTICE BY REGISTRANTS

Sec. 1806.151. NOTICE TO DEPARTMENT OF SOLAR SALESPERSONS AUTHORIZED TO ENGAGE IN RESIDENTIAL SOLAR RETAIL. Requires a solar retailer to promptly notify TDLR in a manner prescribed by TDLR of:

(1) each solar salesperson authorized to engage in residential solar retail on behalf of the solar retailer; and

(2) any change in an authorization described by Subdivision (1).

Sec. 1806.152. SUPERVISION REQUIRED. (a) Requires a solar retailer to provide reasonable supervision to each solar salesperson authorized to engage in residential solar retail on behalf of the solar retailer, including making reasonable efforts to correct any violation of this chapter or a rule adopted under this chapter that the solar retailer is aware of or of which a reasonable person under the same circumstances would be aware.

(b) Provides that a solar retailer is responsible for any violation described by Subsection (a) committed by a solar salesperson authorized to engage in residential solar retail on behalf of the solar retailer.

Sec. 1806.153. CODE OF CONDUCT; COMPLIANCE WITH OTHER LAW. Requires a solar retailer and a solar salesperson to comply with any code of conduct adopted by TCLR rule governing solar retailers or solar salespersons, as applicable, Subchapter E (Deceptive Trade Practices and Consumer Protection), Chapter 17 (Deceptive Trade Practices), Business & Commerce Code, Chapter 115, Business & Commerce Code, as if the solar retailer or solar salesperson, as applicable, were a seller or lessor under that chapter, and the Truth in Lending Act (15 U.S.C. Section 1601 et seq.) and applicable state laws governing financial transactions by providing any disclosure required by those laws.

Sec. 1806.154. REGISTRATION INFORMATION. (a) Requires a solar retailer or solar salesperson, as applicable, on request by TDLR or a person to whom the solar retailer or solar salesperson has offered to sell or lease, or has sold or leased, a residential solar energy system, to provide TDLR or person with the retailer's or salesperson's name and registration number.

(b) Requires a solar retailer to ensure that each agreement for the sale or lease of a residential solar energy system by the retailer includes the name and registration number of the retailer and the solar salesperson involved in the transaction.

(c) Requires an electrical contractor or individual acting on behalf of an electrical contractor to provide the electrical contractor's name and license number under the same circumstances as a solar retailer or solar salesperson is required to provide the retailer's or salesperson's name and number under this section.

Sec. 1806.155. REQUIRED CONTRACT PROVISIONS. (a) Requires that the sale or lease agreement, if the sale or lease of a residential solar energy system involves the installation of the system at a person's residence:

(1) provide that the installation of the residential solar energy system will be performed by an electrical contractor;

(2) conspicuously state the name and license number of the electrical contractor who will perform the installation described by Subdivision (1); and

(3) provide that the solar retailer or electrical contractor, as applicable, will obtain certain permits and approvals.

(b) Authorizes the requirement under Subsection (a)(2) to be satisfied by providing a list of electrical contractors in the agreement from which one is required to be selected to perform the installation described by Subsection (a)(1).

(c) Requires that the sale or lease agreement, if the sale or lease of a residential solar energy system involves a third-party lender that is affiliated with or referred by the solar retailer, include a provision requiring the third-party lender to cancel any accompanying loan made by the third-party lender to the buyer or lessee on the buyer's or lessee's cancellation of the agreement under Section 1806.156.

Sec. 1806.156. RIGHT TO CANCEL AGREEMENT. (a) Defines "business day."

(b) Requires a solar retailer, notwithstanding any other law, to allow a buyer or lessee who enters into an agreement to purchase or lease a residential solar energy system to cancel the agreement without penalty or further obligation by providing written notice of the cancellation on or before the fifth business day after the date on which the agreement was executed by the buyer or lessee.

(c) Requires a solar retailer to include in an agreement for the sale or lease of a residential solar energy system the last calendar date of the cancellation period prescribed by Subsection (b) and the mailing address or e-mail address for providing the notice of cancellation.

(d) Authorizes the buyer or lessee, if the agreement does not contain the address for cancellation required by Subsection (c), to cancel the agreement during the period described by Subsection (b) by providing written notice of cancellation to the solar retailer by any reasonable method.

SUBCHAPTER E. ENFORCEMENT

Sec. 1806.201. PROHIBITED ACTS. Prohibits a person from:

(1) intentionally, knowingly, or recklessly making a false, misleading, or deceptive oral or written statement to another person when engaging in residential solar retail;

(2) falsely stating or implying an affiliation with a public utility or government agency when engaging in residential solar retail;

(3) failing to provide the disclosure statements or any educational materials as required by this chapter, by Chapter 115, Business & Commerce Code, or by TCLR rule, when engaging in residential solar retail;

- (4) engaging in residential solar retail at a residence in violation of posted signage indicating that soliciting is prohibited, unless otherwise directed by an occupant of the residence;
- (5) allowing the installation of a residential solar energy system to be performed by a person who is not an electrical contractor;
- (6) making a material misrepresentation in an application submitted to TDLR under this chapter or in any other document submitted to TDLR under this chapter; or
- (7) violating attempting to violate, or conspiring to violate this chapter or a rule adopted under this chapter.

Sec. 1806.202. DENIAL OR REFUSAL TO RENEW. Authorizes the executive director of TDLR (executive director) to deny an application to register or refuse to renew a registration under this chapter if the applicant, or if applicable, a controlling person of the applicant has violated this chapter or a rule or order of TCLR or executive director or had suspended or revoked, or has been otherwise formally disciplined in connection with, any authorization to practice an occupation or engage in a business that was issued by a licensing authority in this state or another state.

Sec. 1806.203. ADMINISTRATIVE PENALTY. Authorizes TCLR, in determining the appropriate amount of an administrative penalty under Subchapter F (Administrative Penalty), Chapter 51 (Texas Department of Licensing and Regulation), for a violation of Section 1806.201, to consider whether any individual over the age of 65 at the time of the prohibited conduct was harmed by the conduct.

Sec. 1806.204. WARNING LETTER. (a) Authorizes the executive director, before imposing an administrative penalty or sanction against a person under Chapter 51, to issue a warning letter directing a person to take corrective action regarding the violation that is the basis of the penalty or sanction.

(b) Authorizes the executive director, in determining whether to issue a warning letter under Subsection (a), to consider any history of violations by the person, including whether the person complied with previous warning letters, and the person's efforts to correct the violation and prevent future violations.

(c) Provides that a determination to issue a warning letter under this section is not a contested case under Chapter 2001 (Administrative Procedure), Government Code.

Sec. 1806.205. CEASE AND DESIST ORDER. Authorizes the executive director to issue a cease and desist order under Section 51.3513 (Cease and Desist Order) to protect public health and safety.

Sec. 1806.206. AMOUNT OF CIVIL PENALTY. (a) Prohibits the amount of a civil penalty imposed under Chapter 51 for a violation of this chapter or a rule adopted under this chapter, notwithstanding Section 51.352 (Injunctive Relief; Civil Penalty) and except as provided by Subsection (b), from exceeding \$2,500 for each violation or \$50,000 in the aggregate for all violations of a similar nature.

(b) Prohibits the amount of a civil penalty under Section 51.352 for a violation of this chapter or a rule adopted under this chapter, in a proceeding imposing the civil penalty, if the court finds that an individual over the age of 65 at the time of the violation was harmed by the violation, from exceeding \$10,000 for each violation or \$100,000 in the aggregate for all violations of a similar nature.

Sec. 1806.207. AGREEMENT CANCELLATION AND REFUND. (a) Authorizes TCLR or the executive director, subject to Subsection (b), after notice and a hearing and

after finding that a violation of this chapter or a rule adopted under this chapter has occurred, to order the cancellation of an agreement for the sale or lease of a residential solar energy system and the refund of any amount paid under the agreement.

(b) Prohibits the amount of a refund ordered under this section from exceeding the amounts paid under the agreement.

(c) Provides that this section does not authorize the executive director or TCLR to impose or collect penalties, fines, or other damages, except that a proceeding under this section is authorized to be combined with a proceeding to impose an administrative penalty or sanction by TDLR.

(d) Provides that a proceeding under this section is a contested case under Chapter 2001, Government Code.

(e) Provides that this section does not prohibit an injured party who was refunded money under this section from bringing an action in a court with jurisdiction to collect damages, other than the refunded money, or obtain equitable relief under other applicable law.

Sec. 1806.208. VIOLATION BY ELECTRICAL CONTRACTOR. Provides that an electrical contractor who violates this chapter or a rule adopted under this chapter is subject to an administrative penalty or sanction or any other enforcement provision under Chapter 1305 (Electricians), Chapter 51, and this chapter.

SECTION 2. Makes application of Chapter 1806, Occupations Code, as added by this Act, prospective.

SECTION 3. Requires TCLR, not later than June 1, 2026, to adopt rules necessary to implement Chapter 1806, Occupations Code, as added by this Act.

SECTION 4. Requires TDLR, as soon as practicable after the effective date of this Act, to establish and lead a stakeholder work group to provide advice and recommendations to TDLR on regulating activities governed by Chapter 1806, Occupations Code, as added by this Act. Requires TDLR to establish the size, composition, and scope of the stakeholder work group.

SECTION 5. (a) Effective date, except as otherwise provided by this Act: September 1, 2025.

(b) Effective date, Sections 1806.101 and 1806.102, and Subchapter E, Chapter 1806, Occupations Code, as added by this Act: September 1, 2026.