

Chapter 401

S.B. No. 1199

AN ACT

relating to service contract providers.

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

SECTION 1. Section 1304.003, Occupations Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) In this chapter:

(1) "Identity recovery" means a process, through a limited power of attorney and the assistance of an identity recovery expert, that returns the identity of an identity theft victim to pre-identity theft event status.

(2) "Service contract" means an agreement that is entered into for a separately stated consideration and for a specified term under which a provider agrees to:

(A) repair, replace, or maintain a product, or provide indemnification for the repair, replacement, or maintenance of a product, for operational or structural failure or damage caused by a defect in materials or workmanship or by normal wear; ~~or~~

(B) provide identity recovery, if the service contract is financed under Chapter 348 or 353, Finance Code; or

(C) provide compensation to the buyer of a vehicle on the total constructive loss under a depreciation benefit optional member program.

(3) "Depreciation benefit optional member program"  
means a service contract financed under Chapter 348 or 353, Finance  
Code, that pays to the buyer, as a credit toward the purchase of a  
replacement vehicle at a participating dealer, an amount less than  
or equal to the difference between the purchase price and actual  
cash value for a total constructive loss.

(e) A service contract described by Subsection (a)(2)(C):

(1) may not be required as a condition of approval of a  
loan for the purchase of a vehicle;

(2) may not be offered by a dealer who requires a loan  
for the purchase of a vehicle to be financed exclusively with the  
dealer;

(3) may be canceled by the buyer not later than the  
30th day after a buyer enters into the contract, without a penalty;

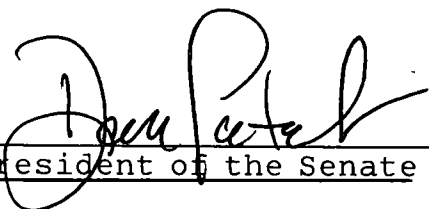
(4) may be canceled by the buyer later than the 30th  
day after a buyer enters into the contract, with a pro rata refund  
to be provided to the buyer; and

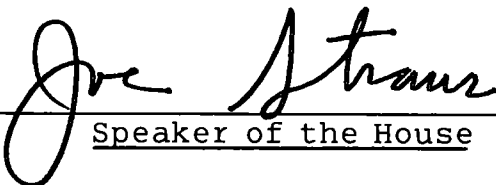
(5) may only charge a fee that is reasonable in  
relation to the benefit provided by the service contract.

SECTION 2. The changes in law made by this Act apply only to  
a depreciation benefit optional member program service contract  
entered into or renewed on or after the effective date of this Act.  
A depreciation benefit optional member program service contract  
entered into or renewed before the effective date of this Act is  
governed by the law in effect immediately before the effective date  
of this Act, and that law is continued in effect for that purpose.

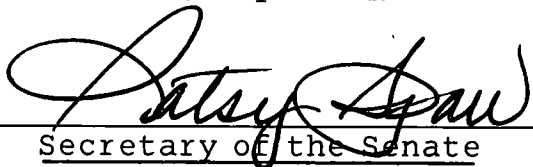
SECTION 3. This Act takes effect September 1, 2017.

S.B. No. 1199

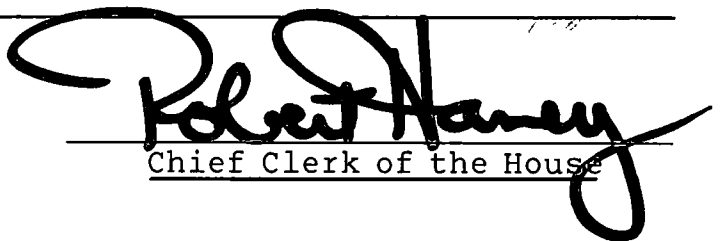
  
President of the Senate

  
Speaker of the House

I hereby certify that S.B. No. 1199 passed the Senate on April 26, 2017, by the following vote: Yeas 31, Nays 0. \_\_\_\_\_

  
Secretary of the Senate

I hereby certify that S.B. No. 1199 passed the House on May 19, 2017, by the following vote: Yeas 144, Nays 0, two present not voting. \_\_\_\_\_


  
Chief Clerk of the House

Approved:

5-31-2017  
Date

  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
11:00 AM O'CLOCK

JUN 01 2017  
  
Secretary of State

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 4, 2017**

**TO:** Honorable John Kuempel, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1199** by Campbell (Relating to service contract providers.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Occupations Code relating to service contract providers.

The Department of Licensing and Regulation indicates it could absorb the costs associated with the bill within its current resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 452 Department of Licensing and Regulation

**LBB Staff:** UP, CL, EH, JQ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 13, 2017**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1199** by Campbell (Relating to service contract providers.), **Committee Report 1st House, Substituted**

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**Source Agencies:** 452 Department of Licensing and Regulation

**LBB Staff:** UP, CL, EH, JQ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 5, 2017**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1199 by Campbell (Relating to service contract providers.), **As Introduced**

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