

Chapter 354

H.B. No. 2070

AN ACT

relating to the enforcement of certain warranties for a new motor vehicle.

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

SECTION 1. Sections 2301.605(a) and (c), Occupations Code, are amended to read as follows:

(a) A rebuttable presumption that a reasonable number of attempts have been undertaken to conform a motor vehicle to an applicable express warranty is established if:

(1) the same nonconformity continues to exist after being subject to repair four or more times by the manufacturer, converter, or distributor or an authorized agent or franchised dealer of a manufacturer, converter, or distributor and the attempts were made before the earlier of:

(A) the date the express warranty expires [~~two of the repair attempts were made in the 12 months or 12,000 miles, whichever occurs first, following the date of original delivery to the owner~~]; or [~~and~~]

(B) 24 [~~the other two repair attempts were made in the 12~~] months or 24,000 [~~12,000~~] miles, whichever occurs first, [~~immediately~~] following the date of original delivery of the motor vehicle to the owner [~~the second repair attempt~~];

(2) the same nonconformity creates a serious safety hazard and continues to exist after causing the vehicle to have been

1 subject to repair two or more times by the manufacturer, converter,  
2 or distributor or an authorized agent or franchised dealer of a  
3 manufacturer, converter, or distributor and the attempts were made  
4 before the earlier of:

5 (A) the date the express warranty expires [~~at~~  
6 ~~least one attempt to repair the nonconformity was made in the 12~~  
7 ~~months or 12,000 miles, whichever occurs first, following the date~~  
8 ~~of original delivery to the owner]; or [~~and~~]~~

9 (B) 24 [~~at least one other attempt to repair the~~  
10 ~~nonconformity was made in the 12~~] months or 24,000 [~~12,000~~] miles,  
11 whichever occurs first, [~~immediately~~] following the date of  
12 original delivery of the motor vehicle to the owner [~~the first~~  
13 ~~repair attempt~~]; or

14 (3) a nonconformity still exists that substantially  
15 impairs the vehicle's use or market value, [~~and~~]

16 [~~(A)~~] the vehicle is out of service for repair  
17 for a cumulative total of 30 or more days, and the attempts were  
18 made before the earlier of:

19 (A) the date the express warranty expires; or

20 (B) [~~in the~~] 24 months or 24,000 miles, whichever  
21 occurs first, following the date of original delivery of the motor  
22 vehicle to the owner [~~, and~~

23 [~~(B) at least two repair attempts were made in~~  
24 ~~the 12 months or 12,000 miles following the date of original~~  
25 ~~delivery to an owner].~~

26 (c) The 30 days described by Subsection (a)(3) [~~(a)(3)(A)~~]  
27 do not include any period during which the manufacturer or

1 distributor lends the owner a comparable motor vehicle while the  
2 owner's vehicle is being repaired by a franchised dealer.

3 SECTION 2. Section 2301.606(c), Occupations Code, as  
4 amended by Chapters 1135 (H.B. 2741) and 1379 (H.B. 1692), Acts of  
5 the 83rd Legislature, Regular Session, 2013, is reenacted and  
6 amended to read as follows:

7 (c) An order issued under this subchapter may not require  
8 ~~[The board or a person delegated power from the board under Section~~  
9 ~~2301.154 may not issue an order requiring]~~ a manufacturer,  
10 converter, or distributor to make a refund or to replace a motor  
11 vehicle unless:

12 (1) the owner, ~~[or]~~ a person on behalf of the owner, or  
13 the department has provided ~~[mailed]~~ written notice of the alleged  
14 defect or nonconformity to the manufacturer, converter, or  
15 distributor; and

16 (2) the manufacturer, converter, or distributor has  
17 been given an opportunity to cure the alleged defect or  
18 nonconformity.

19 SECTION 3. Section 2301.607(c), Occupations Code, as  
20 amended by Chapters 1135 (H.B. 2741) and 1379 (H.B. 1692), Acts of  
21 the 83rd Legislature, Regular Session, 2013, is reenacted and  
22 amended to read as follows:

23 (c) If a final order is not issued ~~[proposal for decision~~  
24 ~~and recommendation for a final order are not issued]~~ before the  
25 151st day after the date a complaint is filed under this subchapter,  
26 the department shall provide written notice by certified mail to  
27 the complainant and to the manufacturer, converter, or distributor

1 of the expiration of the 150-day period and of the complainant's  
2 right to file a civil action. The department [~~board or a person~~  
3 ~~delegated power from the board under Section 2301.154~~] shall extend  
4 the 150-day period if a delay is requested or caused by the person  
5 who filed the complaint.

6 SECTION 4. Section 2301.608, Occupations Code, as amended  
7 by Chapters 1135 (H.B. 2741) and 1379 (H.B. 1692), Acts of the 83rd  
8 Legislature, Regular Session, 2013, is reenacted and amended to  
9 read as follows:

10 Sec. 2301.608. ASSESSMENT OF COSTS FOR REPLACEMENT OR  
11 REFUND. (a) An order issued under this subchapter must [~~In an~~  
12 ~~order issued under this subchapter, the board or a person delegated~~  
13 ~~power from the board under Section 2301.154 shall~~] name the person  
14 responsible for paying the cost of any refund or replacement. A  
15 manufacturer, converter, or distributor may not cause a franchised  
16 dealer to directly or indirectly pay any money not specifically  
17 required [~~ordered~~] by the order [~~board or a person delegated power~~  
18 ~~from the board under Section 2301.154~~].

19 (b) If the final order requires [~~board or a person delegated~~  
20 ~~power from the board under Section 2301.154 orders~~] a manufacturer,  
21 converter, or distributor to make a refund or replace a motor  
22 vehicle under this subchapter, the final order [~~board or person~~]  
23 may require [~~order~~] the franchised dealer to reimburse the owner,  
24 lienholder, manufacturer, converter, or distributor only for an  
25 item or option added to the vehicle by the dealer to the extent that  
26 the item or option contributed to the defect that served as the  
27 basis for the order.

1 (c) In a case involving a leased vehicle, the final order  
2 ~~[board or a person delegated power from the board under Section~~  
3 ~~2301.154]~~ may terminate the lease and apportion allowances or  
4 refunds, including the reasonable allowance for use, between the  
5 lessee and lessor of the vehicle.

6 SECTION 5. Section 2301.610(d), Occupations Code, is  
7 amended to read as follows:

8 (d) The department shall maintain a toll-free telephone  
9 number to provide information to a person who requests information  
10 about a condition or defect that was the basis for repurchase or  
11 replacement by an order issued under this subchapter ~~[chapter]~~.  
12 The department shall maintain an effective method of providing  
13 information to a person who makes a request.

14 SECTION 6. Section 2301.713, Occupations Code, as amended  
15 by Chapters 1135 (H.B. 2741) and 1379 (H.B. 1692), Acts of the 83rd  
16 Legislature, Regular Session, 2013, is reenacted and amended to  
17 read as follows:

18 Sec. 2301.713. REHEARING. (a) Except as otherwise  
19 provided by this section ~~[Subsection (b)]~~, a party who seeks a  
20 rehearing of an order shall seek the rehearing in accordance with  
21 Chapter 2001, Government Code.

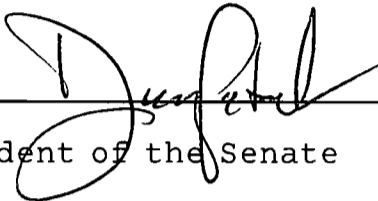
22 (b) The board by rule may establish procedures ~~[a procedure]~~  
23 to allow a party ~~[parties]~~ to a contested case ~~[cases in which the~~  
24 ~~final order is issued by a person to whom final order authority is~~  
25 ~~delegated under Section 2301.154]~~ to file a motion ~~[motions]~~ for  
26 rehearing ~~[with the board]~~.

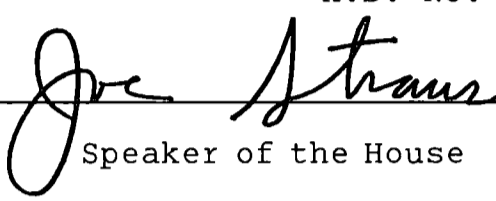
27 (c) A motion for rehearing in a contested case under Section

1 2301.204 or Subchapter M must be filed with and decided by the chief  
2 hearings examiner.

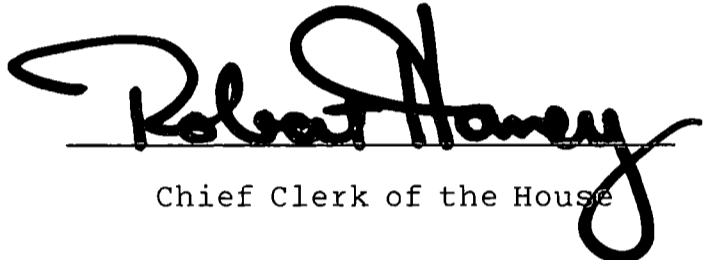
3           SECTION 7. The changes in law made by this Act to Chapter  
4 2301, Occupations Code, apply only to a new motor vehicle that is  
5 sold or leased on or after the effective date of this Act. A new  
6 motor vehicle that is sold or leased before the effective date of  
7 this Act is governed by the law in effect on the date the motor  
8 vehicle was sold or leased, and the former law is continued in  
9 effect for that purpose.

10           SECTION 8. This Act takes effect September 1, 2017.


  
\_\_\_\_\_  
President of the Senate

  
\_\_\_\_\_  
Speaker of the House

I certify that H.B. No. 2070 was passed by the House on May 4, 2017, by the following vote: Yeas 142, Nays 1, 2 present, not voting.


  
\_\_\_\_\_  
Chief Clerk of the House

I certify that H.B. No. 2070 was passed by the Senate on May 23, 2017, by the following vote: Yeas 30, Nays 1.

  
\_\_\_\_\_  
Secretary of the Senate

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 7, 2017**

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

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

**IN RE: HB2070** by Smithee (Relating to the enforcement of certain warranties for a new motor vehicle.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** UP, CL, TG, AG



**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

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

**April 14, 2017**

**TO:** Honorable Geanie W. Morrison, Chair, House Committee on Transportation

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

**IN RE:** HB2070 by Smithee (Relating to the enforcement of certain warranties for a new motor vehicle.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** UP, AG, TG

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

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

**March 29, 2017**

**TO:** Honorable Geanie W. Morrison, Chair, House Committee on Transportation

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

**IN RE: HB2070** by Smithee (Relating to the enforcement of certain warranties for a new motor vehicle.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** UP, AG, TG