

1-1 By: Simmons (Senate Sponsor - Taylor of Collin) H.B. No. 1859  
1-2 (In the Senate - Received from the House May 1, 2017;  
1-3 May 4, 2017, read first time and referred to Committee on Business  
1-4 & Commerce; May 15, 2017, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;  
1-6 May 15, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Hancock	X		
1-10	Creighton	X		
1-11	Campbell	X		
1-12	Estes	X		
1-13	Nichols	X		
1-14	Schwertner	X		
1-15	Taylor of Galveston	X		
1-16	Whitmire	X		
1-17	Zaffirini	X		

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 1859 By: Campbell

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to certain rental-purchase agreements.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 92.001, Business & Commerce Code, is  
1-24 amended to read as follows:

1-25 Sec. 92.001. DEFINITIONS. (a) In this chapter:

1-26 (1) "Advertisement" means a commercial message in any  
1-27 medium that directly or indirectly promotes or assists a  
1-28 rental-purchase agreement.

1-29 (3) "Consumer" means an individual who leases personal  
1-30 property under a rental-purchase agreement.

1-31 (5) "Loss damage waiver" means a merchant's agreement  
1-32 to not hold a consumer liable for loss from all or part of any damage  
1-33 to merchandise.

1-34 (6) "Merchandise" means the personal property that is  
1-35 the subject of a rental-purchase agreement.

1-36 (7) "Merchant" means a person who, in the ordinary  
1-37 course of business, regularly leases, offers to lease, or arranges  
1-38 for the leasing of merchandise under a rental-purchase agreement.  
1-39 The term includes a person who is assigned an interest in a  
1-40 rental-purchase agreement.

1-41 (8) "Rental-purchase agreement" means an agreement  
1-42 under which a consumer may use merchandise for personal, family, or  
1-43 household purposes for an initial period of four months or less, and  
1-44 that:

1-45 (A) is automatically renewable with each payment  
1-46 after the initial period; and

1-47 (B) permits the consumer to become the owner of  
1-48 the merchandise.

1-49 (b) For purposes of this chapter, merchandise is displayed  
1-50 or offered to consumers primarily for lease under a rental-purchase  
1-51 agreement if the merchandise is displayed or offered at a place of  
1-52 business that derives at least 50 percent of its revenue from  
1-53 rental-purchase agreements.

1-54 SECTION 2. Subchapter A, Chapter 92, Business & Commerce  
1-55 Code, is amended by adding Section 92.003 to read as follows:

1-56 Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If  
1-57 merchandise is not displayed or offered to consumers primarily for  
1-58 lease under a rental-purchase agreement, the merchant shall make  
1-59 the following disclosures to a consumer before presenting a  
1-60 rental-purchase agreement for specific merchandise to the consumer

for execution:

(1) the price for which the merchant would sell the merchandise to the consumer for cash on the date of the disclosure;

(2) the amount of the periodic payments that would be provided for in the agreement if it is executed on the date of the disclosure; and

(3) the total number and amount of periodic payments necessary to acquire ownership of the merchandise under the agreement if it is executed on the date of the disclosure.

(b) The disclosures required by Subsection (a) must be made separately from the rental-purchase agreement.

SECTION 3. Subchapter B, Chapter 92, Business & Commerce Code, is amended by adding Section 92.0535 to read as follows:

Sec. 92.0535. ACKNOWLEDGMENT REQUIRED FOR CERTAIN AGREEMENTS. If merchandise is not displayed or offered to consumers primarily for lease under a rental-purchase agreement, the merchant shall provide to the consumer at the time the agreement is presented to the consumer the additional disclosures prescribed by this section. The disclosures must:

(1) be entitled "Acknowledgment of Rental-Purchase Transaction";

(2) be on a separate page;

(3) be signed by the consumer; and

(4) include an acknowledgment that the consumer understands the consumer is entering into a rental-purchase agreement and that:

(A) under the agreement, the consumer does not own the merchandise but may acquire ownership rights by complying with the ownership option terms specified in the agreement;

(B) the agreement is not a credit transaction;

(C) if provided by the agreement, the consumer has the right to return the merchandise at any time without additional charge or penalty, and, on the merchandise's return, the consumer will owe only unpaid rental charges and fees;

(D) if the consumer fails to make a timely payment, the consumer has a right to reinstate the agreement as provided by the agreement and, if the merchandise is returned, the consumer is entitled to rent the same merchandise or substitute merchandise of comparable quality and condition if the consumer complies with the agreement and any applicable law; and

(E) the consumer has reviewed and understands the agreement, including the consumer's right and options to acquire ownership of the merchandise and the total cost of the merchandise if all scheduled payments are made.

SECTION 4. Section 92.0535, Business & Commerce Code, as added by this Act, applies only to a rental-purchase agreement entered into on or after the effective date of this Act. A rental-purchase agreement entered into before the effective date of this Act is governed by the law in effect on the date the rental-purchase agreement was entered into, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2017.

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