SENATE AMENDMENTS

2nd Printing

By: Simmons H.B. No. 1859

A BILL TO BE ENTITLED

1	AN ACT
2	relating to certain rental-purchase agreements.
3	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
4	SECTION 1. Section 92.001, Business & Commerce Code, is
5	amended to read as follows:
6	Sec. 92.001. DEFINITIONS. (a) In this chapter:

- 7 (1) "Advertisement" means <u>any</u> [a] commercial message 8 in any medium that directly or indirectly promotes [or assists] a 9 rental-purchase agreement.
- 10 (3) "Consumer" means an individual who <u>is offered or</u>
 11 leases personal property under a rental-purchase agreement.
- 12 (5) "Loss damage waiver" means a merchant's agreement 13 to not hold a consumer liable for loss from all or part of any damage 14 to merchandise.
- 15 (6) "Merchandise" means the personal property that is 16 the subject or proposed subject of a rental-purchase agreement.
- (7) "Merchant" means a person who, in the ordinary course of business, regularly leases, offers to lease, or arranges for the leasing of merchandise under a rental-purchase agreement. The term includes a person who is assigned an interest in a rental-purchase agreement.
- 22 (8) "Rental-purchase agreement" means an agreement
 23 under which a consumer may use merchandise for personal, family, or
 24 household purposes for an initial period of four months or less, and

- 1 that:
- 2 (A) is automatically renewable with each payment
- 3 after the initial period; and
- 4 (B) permits the consumer to become the owner of
- 5 the merchandise.
- 6 (b) For purposes of this chapter, merchandise is displayed
- 7 or offered to consumers primarily for lease under a rental-purchase
- 8 agreement if the merchandise is displayed or offered at a place of
- 9 business that derives at least 50 percent of its revenue from
- 10 rental-purchase agreements.
- 11 SECTION 2. Subchapter A, Chapter 92, Business & Commerce
- 12 Code, is amended by adding Section 92.003 to read as follows:
- 13 Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If
- 14 merchandise is not displayed or offered to consumers primarily for
- 15 lease under a rental-purchase agreement, the merchant shall make
- 16 the following disclosures to a consumer before presenting a
- 17 rental-purchase agreement for specific merchandise to the consumer
- 18 for execution:
- 19 (1) the price for which the merchant would sell the
- 20 merchandise to the consumer for cash on the date of the disclosure;
- 21 (2) the amount of the periodic payments that would be
- 22 provided for in the agreement if it is executed on the date of the
- 23 <u>disclosure; and</u>
- 24 (3) the total number and amount of periodic payments
- 25 necessary to acquire ownership of the merchandise under the
- 26 agreement if it is executed on the date of the disclosure.
- 27 (b) The disclosures required by Subsection (a) must be made

1 separately from the rental-purchase agreement. SECTION 3. Subchapter B, Chapter 92, Business & Commerce 2 3 Code, is amended by adding Section 92.0535 to read as follows: 4 Sec. 92.0535. ACKNOWLEDGMENT REQUIRED FOR 5 AGREEMENTS. If merchandise is not displayed or offered to consumers primarily for lease under a rental-purchase agreement, 6 7 the merchant shall provide to the consumer at the time the agreement 8 is presented to the consumer the additional disclosures prescribed by this section. The disclosures must: 9 10 (1) be entitled "Acknowledgment of Rental-Purchase Transaction"; 11 12 (2) be on a separate page; 13 (3) be signed by the consumer; and 14 (4) include an acknowledgment that the consumer 15 understands the consumer is entering into a rental-purchase 16 agreement and that: 17 (A) under the agreement, the consumer does not 18 own the merchandise but may acquire ownership rights by complying 19 with the ownership option terms specified in the agreement; 20 (B) the agreement is not a credit transaction; 21 (C) if provided by the agreement, the consumer 22 has the right to return the merchandise at any time without additional charge or penalty, and, on the merchandise's return, the 23 24 consumer will owe only unpaid rental charges and fees;

payment, the consumer has a right to reinstate the agreement as

provided by the agreement and, if the merchandise is returned, the

(D) if the consumer fails to make a timely

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H.B. No. 1859

- 1 consumer is entitled to rent the same merchandise or substitute
- 2 merchandise of comparable quality and condition if the consumer
- 3 complies with the agreement and any applicable law; and
- 4 (E) the consumer has reviewed and understands the
- 5 agreement, including the consumer's right and options to acquire
- 6 ownership of the merchandise and the total cost of the merchandise
- 7 <u>if all scheduled payments are made.</u>
- 8 SECTION 4. Section 92.0535, Business & Commerce Code, as
- 9 added by this Act, applies only to a rental-purchase agreement
- 10 entered into on or after the effective date of this Act. A
- 11 rental-purchase agreement entered into before the effective date of
- 12 this Act is governed by the law in effect on the date the
- 13 rental-purchase agreement was entered into, and the former law is
- 14 continued in effect for that purpose.
- 15 SECTION 5. This Act takes effect September 1, 2017.

ADOPTED

MAY 1 9 2017

By: Van Taylor

Latary Spent H.B. No. 1859

Substitute the following for ___.B. No. ____:

By: Mampbellma

C.S.___.B. No. ____

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- 2 relating to certain rental-purchase agreements.
- 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
- 4 SECTION 1. Section 92.001, Business & Commerce Code, is
- 5 amended to read as follows:
- 6 Sec. 92.001. DEFINITIONS. (a) In this chapter:
- 7 (1) "Advertisement" means a commercial message in any
- 8 medium that directly or indirectly promotes or assists a
- 9 rental-purchase agreement.
- 10 (3) "Consumer" means an individual who leases personal
- 11 property under a rental-purchase agreement.
- 12 (5) "Loss damage waiver" means a merchant's agreement
- 13 to not hold a consumer liable for loss from all or part of any damage
- 14 to merchandise.
- 15 (6) "Merchandise" means the personal property that is
- 16 the subject of a rental-purchase agreement.
- 17 (7) "Merchant" means a person who, in the ordinary
- 18 course of business, regularly leases, offers to lease, or arranges
- 19 for the leasing of merchandise under a rental-purchase agreement.
- 20 The term includes a person who is assigned an interest in a
- 21 rental-purchase agreement.
- 22 (8) "Rental-purchase agreement" means an agreement
- 23 under which a consumer may use merchandise for personal, family, or
- 24 household purposes for an initial period of four months or less, and

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- 2 (A) is automatically renewable with each payment
- 3 after the initial period; and
- 4 (B) permits the consumer to become the owner of
- 5 the merchandise.
- 6 (b) For purposes of this chapter, merchandise is displayed
- 7 or offered to consumers primarily for lease under a rental-purchase
- 8 agreement if the merchandise is displayed or offered at a place of
- 9 business that derives at least 50 percent of its revenue from
- 10 rental-purchase agreements.
- 11 SECTION 2. Subchapter A, Chapter 92, Business & Commerce
- 12 Code, is amended by adding Section 92.003 to read as follows:
- Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If
- 14 merchandise is not displayed or offered to consumers primarily for
- 15 lease under a rental-purchase agreement, the merchant shall make
- 16 the following disclosures to a consumer before presenting a
- 17 rental-purchase agreement for specific merchandise to the consumer
- 18 for execution:
- (1) the price for which the merchant would sell the
- 20 merchandise to the consumer for cash on the date of the disclosure;
- 21 (2) the amount of the periodic payments that would be
- 22 provided for in the agreement if it is executed on the date of the
- 23 disclosure; and
- 24 (3) the total number and amount of periodic payments
- 25 necessary to acquire ownership of the merchandise under the
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11
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12
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19
                    (B) the agreement is not a credit transaction;
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                    (C) if provided by the agreement, the consumer
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(D) if the consumer fails to make a timely

- 1 consumer is entitled to rent the same merchandise or substitute
- 2 merchandise of comparable quality and condition if the consumer
- 3 complies with the agreement and any applicable law; and
- (E) the consumer has reviewed and understands the
- 5 agreement, including the consumer's right and options to acquire
- 6 ownership of the merchandise and the total cost of the merchandise
- 7 if all scheduled payments are made.
- 8 SECTION 4. Section 92.0535, Business & Commerce Code, as
- 9 added by this Act, applies only to a rental-purchase agreement
- 10 entered into on or after the effective date of this Act. A
- 11 rental-purchase agreement entered into before the effective date of
- 12 this Act is governed by the law in effect on the date the
- 13 rental-purchase agreement was entered into, and the former law is
- 14 continued in effect for that purpose.
- SECTION 5. This Act takes effect September 1, 2017.

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 20, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1859 by Simmons (Relating to certain rental-purchase agreements.), As Passed 2nd

House

No significant fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code by requiring additional disclosures to consumers related to the display of merchandise available for lease under a rental-purchase agreement or offered at a place of business that derives at least 50 percent of its revenue from rental-purchase agreements. The Office of the Attorney General anticipates any additional work resulting from the passage of the bill could be reasonable absorbed within current resources.

The bill would go in to effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 12, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1859 by Simmons (Relating to certain rental-purchase agreements.), Committee

Report 2nd House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code by requiring additional disclosures to consumers related to the display of merchandise available for lease under a rental-purchase agreement or offered at a place of business that derives at least 50 percent of its revenue from rental-purchase agreements. The Office of the Attorney General anticipates any additional work resulting from the passage of the bill could be reasonable absorbed within current resources.

The bill would go in to effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 5, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1859 by Simmons (Relating to certain rental-purchase agreements.), As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code by requiring additional disclosures to consumers related to the display of merchandise available for lease under a rental-purchase agreement or offered at a place of business that derives at least 50 percent of its revenue from rental-purchase agreements. The Office of the Attorney General anticipates any additional work resulting from the passage of the bill could be reasonable absorbed within current resources.

The bill would go in to effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 5, 2017

TO: Honorable René Oliveira, Chair, House Committee on Business & Industry

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1859 by Simmons (Relating to certain rental-purchase agreements.), Committee

Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code by requiring additional disclosures to consumers related to the display of merchandise available for lease under a rental-purchase agreement or offered at a place of business that derives at least 50 percent of its revenue from rental-purchase agreements. The Office of the Attorney General anticipates any additional work resulting from the passage of the bill could be reasonable absorbed within current resources.

The bill would go in to effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 24, 2017

TO: Honorable René Oliveira, Chair, House Committee on Business & Industry

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1859 by Simmons (Relating to certain rental-purchase agreements.), As Introduced

No significant fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code by requiring additional disclosures to consumers related to the display of merchandise available for lease under a rental-purchase agreement or offered at a place of business that derives at least 50 percent of its revenue from rental-purchase agreements. The Office of the Attorney General anticipates any additional work resulting from the passage of the bill could be reasonable absorbed within current resources.

The bill would go in to effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General