

## **BILL ANALYSIS**

C.S.H.B. 2556  
By: Holland  
Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There are concerns that consumers who lease motor vehicles can be exposed to too many out-of-pocket charges at the end of a lease agreement. C.S.H.B. 2556 seeks to address these concerns by authorizing motor vehicle lessors to offer an excess wear and use waiver in connection with a lease agreement.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2556 amends the Business & Commerce Code to authorize a lessee under a personal, family, or household motor vehicle lease agreement to contract with a lessor for an excess wear and use waiver in connection with the lease agreement. The bill sets out restrictions on the sale of such a waiver and prohibits a waiver from being imposed or its purchase required as a condition of entering into an agreement. The bill requires an agreement that offers a waiver to be in writing and to include a notice that the waiver is optional and specifies the contents of the notice. The bill requires a lease agreement, or an addendum to a lease agreement, that includes the waiver to include a statement of the total charge for the waiver and establishes that a waiver is not insurance.

C.S.H.B. 2556 makes a lessor violating the bill's provisions liable for a civil penalty in an amount of not less than \$500 or more than \$1,000 for each violation. The bill provides for injunctive relief for a person injured or threatened with injury by a violation of the bill's provisions and authorizes the attorney general or a county or district attorney to bring an action in the name of the state for a civil penalty, injunctive relief, or both.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2556 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute revises the definition of "lease agreement" by specifying that the term includes any addendum to the agreement and by replacing the specification that the agreement provides for the right to possession and use of a motor vehicle for a scheduled term with a specification that the agreement provides for the right to such possession and use for a term of more than 180 days.