

BILL ANALYSIS

H.B. 4120
By: Lucio III
Licensing & Administrative Procedures
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been suggested that the amount of the required financial security deposit for providers of certain service contracts is too high and has had a negative effect on those providers and has created higher service contract rates for customers. H.B. 4120 seeks to address this issue by providing a more reasonable amount for such a security deposit for a provider who is a licensed motor vehicle dealer and offers to sell service contracts only on motor vehicles sold by the provider.

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

H.B. 4120 amends the Occupations Code to reduce the amount of the required financial security deposit for a provider of a service contract under the Service Contract Regulatory Act from not less than \$250,000 to not less than \$25,000 if the provider is a licensed motor vehicle dealer and offers to sell service contracts only on motor vehicles sold by the provider.

EFFECTIVE DATE

September 1, 2019.