

SUBJECT: Changing deadline for releasing health spa security bonds after closures

COMMITTEE: Public Health — favorable, without amendment

VOTE: 9 ayes — Kolkhorst, Naishtat, Coleman, Gonzales, Hopson, S. King, McReynolds, Truitt, Zerwas

0 nays

2 absent — J. Davis, Laubenberg

SENATE VOTE: On final passage, April 30 — 30-0, on Local and Uncontested Calendar

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify:* Mike Powell, Texas Secretary of State's Office)

BACKGROUND: Spas are required to file a security bond of \$20,000 to pay claims for customers' refunds arising from closing the spa. The secretary of state holds the deposit for two years after the spa closes or until the claims from former members had been paid.

DIGEST: SB 1702 would amend Occupations Code, sec. 702.155 to change the deadline for the secretary of state to maintain a security bond for a closed health spa to the earlier date of:

- the second anniversary of the date the health spa closed; or
- when the secretary of state had determined that all claims had been satisfied and foreclosed by law.

Other provisions would require that a health spa member would have 90 days from the date the health spa posted a notice of closing, rather from when the spa closes or relocates, to file a claim with the secretary of state for a refund from the spa's security deposit.

The bill would remove requirements that the notice be sent by certified

mail to the secretary of state.

The bill would take effect on September 1, 2009, and would apply to all health spa contracts entered into on or after that date.

**SUPPORTERS
SAY:**

SB 1702 would clarify some language and requirements of a bill that has not been substantially revised — other than re-codification — for more than 16 years and would conform regulation of health spas to current practices of the industry.

**OPPONENTS
SAY:**

No apparent opposition.