

BILL ANALYSIS

C.S.H.B. 1859
By: Simmons
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that rental-purchase agreements represent a type of agreement that may be unfamiliar to a consumer presented with such an agreement outside of a traditional rent-to-own establishment. C.S.H.B. 1859 seeks to assist such consumers by requiring certain disclosures to be provided before a rental-purchase agreement is presented to the consumer.

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. 1859 amends the Business & Commerce Code to require 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, or who is assigned an interest in such an agreement, if merchandise is not displayed or offered to consumers primarily for lease under such an agreement, to make certain disclosures specified by the bill relating to the price of and periodic payments for specific merchandise to a consumer before presenting a rental-purchase agreement for such merchandise to the consumer for execution. The bill requires such disclosures to be made separately from the agreement. The bill requires such a person to provide to a consumer at the time the rental-purchase agreement is presented to the consumer certain additional disclosures specified by the bill relating to the consumer's acknowledgement of the terms of the agreement and sets out the requirements for such additional disclosures.

C.S.H.B. 1859 establishes that, for purposes of provisions governing rental-purchase agreements, merchandise is displayed or offered to consumers primarily for lease under a rental-purchase agreement if the merchandise is displayed or offered at a place of business that derives at least 50 percent of its revenue from rental-purchase agreements.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1859 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial

differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 92.001, Business & Commerce Code, is amended

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

Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If a merchant's merchandise is not displayed or offered to consumers primarily for lease under a rental-purchase agreement, the merchant shall make the following disclosures to a consumer before presenting a 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 a merchant's 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 before the consumer signs the agreement; and

(4) include an acknowledgment that the

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

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

Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If merchandise is not displayed or offered to consumers primarily for lease under a rental-purchase agreement, the merchant shall make the following disclosures to a consumer before presenting a 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) 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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(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. Same as introduced version.

SECTION 5. Same as introduced version.