

SUBJECT: Applying Texas law to Internet contracts

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 6 ayes — Oliveira, Orr, E. Rodriguez, Villalba, Walle, Workman
0 nays
1 absent — Bohac

WITNESSES: None

BACKGROUND: Business and Commerce Code, sec. 1.301 allows two parties to a contract to agree that Texas law or another state’s law governs their rights or duties. Ch. 273 requires that a provision in a contract which may be subject to another state’s courts, laws, or arbitration be set in boldface or otherwise emphasized in the contract.

DIGEST: HB 3576 would require an Internet contract between one in-state party – here defined as a person with a primary place of business in Texas – and another party to be governed by Texas law, as long as the other party received a notice that Texas law governed the contract and assented. Business and Commerce Code, sec. 1.301 and ch. 273 would not apply to these contracts.

The bill would take effect September 1, 2013.