

BILL ANALYSIS

Senate Research Center
76R4282 DWS-F

H.B. 2653
By: Elkins (Ellis)
Jurisprudence
4/30/1999
Engrossed

DIGEST

Currently, business conducted over the Internet with businesses out-of-state is not subject to Texas law. H.B. 2653 would provide that a contract made over the Internet, between a person in Texas and a person outside this state, is governed by Texas law unless the party in Texas is given notice that the law of the state in which the other party is located applies to the contract and agrees to the application of that law.

PURPOSE

As proposed, H.B. 2653 sets forth provisions for law applicable to a contract made over the Internet.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 35D, Business & Commerce Code, by adding Section 35.531, as follows:

Sec. 35.531. LAW APPLICABLE TO CONTRACT MADE OVER INTERNET. (a) Defines "Internet."

(b) Provides that this section applies only to a contract made solely over the Internet between a person located in this state and a person located outside this state who does not maintain an office or agent in this state for doing business in this state, subject to Subsection (e).

(c) Provides that a contract to which this section applies is governed by the law of this state unless each party to the contract who is located in this state is given notice that the law of the state in which another party to the contract is located applies to the contract, and agrees to the application of that state's law.

(d) Provides that a person asserting that the law of another state applies to a contract has the burden of proving that notice was given and agreement was obtained as provided by Subsection (c).

(e) Provides that Sections 1.105 and 35.53 do not apply to a contract to which this section applies. Provides that this section does not apply to a contract to which Section 35.51 applies.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.