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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1369 Session of  
2017

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INTRODUCED BY RABB, DUNBAR, DRISCOLL, V. BROWN, JAMES, DAVIDSON,  
MILLARD, FREEMAN, RYAN, McNEILL, KINSEY, ROZZI, SCHWEYER,  
BARRAR, DeLUCA, KIRKLAND, DONATUCCI AND FRANKEL, MAY 11, 2017

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REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, MAY 11, 2017

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AN ACT

1 Providing for automatic renewal provisions in certain contracts  
2 for goods and services.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Contract  
7 Automatic Renewal Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Automatic renewal provision." A provision of a contract  
13 under which the contract is renewed for a specific period of  
14 more than one month, if the renewal causes the contract to be in  
15 effect for more than six months after the effective date of the  
16 original contract.

17 "Consumer." A person who receives goods, services,

1 maintenance or repairs under a contract.

2 "Contract." A written agreement for the sale of a good or  
3 performance of a service, including maintenance or repair  
4 service, between a consumer and a seller over a fixed period of  
5 time or for a specified duration. The term does not include an  
6 agreement that allows a consumer to cancel the agreement at any  
7 time and to receive upon cancellation a pro rata refund of any  
8 unearned amounts paid by the consumer.

9 "Seller." Any person engaged in trade or commerce in this  
10 Commonwealth who advertises, sells, leases or offers to sell or  
11 lease a good or service to a consumer under a contract.

12 Section 3. Contracts with automatic renewal provisions.

13 (a) Disclosure required.--

14 (1) A seller that enters or attempts to enter into a  
15 contract in this Commonwealth that includes an automatic  
16 renewal provision shall disclose the automatic renewal  
17 provision in the contract or contract offer in boldface of a  
18 size no less than that of the surrounding text, but under no  
19 circumstances in a font size less than 10 points.

20 (2) A contract that is amended or modified after the  
21 effective date of this section shall be amended or modified  
22 to include the disclosure specified in paragraph (1).

23 (b) Notification prior to contract renewal.--

24 (1) A seller that has entered into a contract in this  
25 Commonwealth that automatically renews for a specified period  
26 of more than one month shall provide the consumer with  
27 written or electronic notification of the automatic renewal  
28 provision. No notice shall be required where the consumer has  
29 canceled the contract.

30 (2) The notification under this subsection shall be

1 provided to the consumer no less than 30 days nor more than  
2 60 days before the cancellation deadline under the automatic  
3 renewal provision.

4 (3) For a contract that is scheduled to automatically  
5 renew following the effective date of this act, the seller  
6 shall provide the consumer with notification of the automatic  
7 renewal in accordance with the requirements of this section.

8 (c) Contents of notice.--The notification required under  
9 subsection (b) shall disclose clearly and conspicuously:

10 (1) That unless the consumer cancels the contract before  
11 the cancellation deadline, the contract will automatically  
12 renew.

13 (2) The cancellation deadline.

14 (3) The method by which the consumer may obtain details  
15 of the automatic renewal provision and cancellation  
16 procedure, whether by contacting the seller at a specified  
17 telephone number or address, by referring to the contract or  
18 by any other method.

19 (d) Proof of notification.--A seller must retain proof of  
20 the notification provided to a consumer, subject to a contract  
21 with an automatic renewal provision. The proof of notification  
22 shall be retained by the seller for six years following the  
23 expiration of the term during which the notification was sent.  
24 The proof of notification may be retained in an electronic  
25 format.

26 (e) Automatic renewal effective.--An automatic renewal  
27 provision in a contract shall be valid unless the consumer gives  
28 notice to the seller of the consumer's intention to cancel the  
29 contract or unless the seller fails to comply with the  
30 requirements of this section.

1 (f) Right of rescission.--A contract which contains an  
2 automatic renewal provision in which the goods or services have  
3 a sale price of at least \$25 and which are sold or contracted to  
4 be sold to a consumer as a result of, or in connection with, a  
5 contact with or call on the consumer at his residence either in  
6 person or by telephone shall comply with the notice provisions  
7 specified in section 7 of the act of December 17, 1968  
8 (P.L.1224, No.387), known as the Unfair Trade Practices and  
9 Consumer Protection Law.

10 Section 4. Violations.

11 A seller that fails to comply with the requirements of  
12 section 3 is in violation of this act.

13 Section 5. Void provisions.

14 An automatic renewal provision of a contract in violation of  
15 this act is void and unenforceable in this Commonwealth.

16 Section 6. Enforcement.

17 A violation of this act shall constitute an unfair or  
18 deceptive trade or practice for purposes of the act of December  
19 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices  
20 and Consumer Protection Law, and shall be subject to the penalty  
21 and enforcement provisions of that act.

22 Section 7. Applicability.

23 This act shall apply as follows:

24 (1) This act shall not apply to a lease subject to the  
25 act of April 6, 1951 (P.L.69, No.20), known as The Landlord  
26 and Tenant Act of 1951.

27 (2) This act shall not apply to a contract subject to  
28 the act of December 21, 1989 (P.L.672, No.87), known as the  
29 Health Club Act.

30 (3) This act shall apply to all contracts signed or

1 renewed after the effective date of this section.

2 Section 8. Effective date.

3 This act shall take effect in 60 days.