

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2196 Session of 2024

INTRODUCED BY CONKLIN, RABB, HILL-EVANS, KINSEY, GIRAL, McANDREW, PARKER, GUENST, MERSKI, SANCHEZ, McNEILL, HOWARD, KHAN, HARKINS, DALEY, HADDOCK, DELLOSO AND WARREN, APRIL 8, 2024

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 21, 2024

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 "Acquirer." A person who ~~purchased~~ PURCHASES OR ACQUIRES a <--  
13 contract or business FROM A SELLER and becomes a party to a <--  
14 contract ~~involving the sale or lease of a good or service.~~ <--

15 "Automatic renewal provision." A provision of a contract  
16 under which the contract is renewed for a specific period of

1 more than one month, if the renewal causes the contract to be in  
2 effect for more than six months after the ORIGINAL effective <--  
3 date of the ~~original~~ contract. <--

4 "Consumer." A person who ~~receives goods, services,~~ <--  
5 ~~maintenance or repairs~~ PURCHASES OR LEASES SERVICES under a <--  
6 contract. <--

7 "Contract." A written agreement for the sale OR LEASE of a <--  
8 ~~good or performance of a service, including maintenance or~~ <--  
9 ~~repair~~ service, between a consumer and a ~~seller~~ VENDOR over a <--  
10 fixed period of time or for a specified duration. The term does  
11 not include an agreement that allows a consumer to cancel the  
12 agreement at any time and to receive upon cancellation a pro  
13 rata refund of any unearned amounts paid by the consumer.

14 "SELLER." A PERSON WHO SELLS OR TRANSFERS A CONTRACT TO AN <--  
15 ACQUIRER. <--

16 ~~"Seller."~~ "VENDOR." A person engaged in trade or commerce in <--  
17 this Commonwealth who advertises, sells, leases or offers to  
18 sell or lease a ~~good or~~ service to a consumer under a contract. <--

19 Section 3. Contracts with automatic renewal provisions.

20 (a) Disclosure required.--

21 (1) A ~~seller~~ VENDOR that enters or attempts to enter <--  
22 into a contract in this Commonwealth ~~that~~ WHICH includes an <--  
23 automatic renewal provision shall disclose the automatic  
24 renewal provision in the contract or contract offer in  
25 boldface of a size no less than that of the surrounding text,  
26 but under no circumstances in a font size less than 10  
27 points.

28 (2) A contract that is amended or modified after the  
29 effective date of this paragraph shall be amended or modified  
30 to include the disclosure specified in paragraph (1).

1 (b) Notification upon sale OR ACQUISITION of business or <--  
2 contract.--After the sale OR ACQUISITION of a business that is a <--  
3 party to a contract with an automatic renewal clause, or after  
4 the sale OR ACQUISITION of a contract with an automatic renewal <--  
5 clause, the acquirer shall, within 60 days, notify the ~~customer~~ <--  
6 CONSUMER of the sale. The notification shall clearly indicate <--  
7 the change in ownership of the business or contract and provide  
8 the ~~customer~~ CONSUMER with an opportunity to opt out of the <--  
9 automatic renewal provision.

10 (c) Notification prior to contract renewal.--

11 (1) A ~~seller~~ VENDOR or acquirer that ~~has entered into a~~ <--  
12 IS PARTY TO A contract in this Commonwealth ~~that~~ WHICH <--  
13 automatically renews for a specified period of more than one  
14 month shall provide the consumer with written or electronic  
15 notification of the automatic renewal provision. If the  
16 ~~seller~~ VENDOR has changed and is no longer the original <--  
17 ~~seller~~ VENDOR, the notification shall include a statement <--  
18 indicating the change. ~~No notice shall be required where the~~ <--  
19 ~~consumer has canceled the contract.~~

20 (2) The notification under this subsection shall be  
21 provided to the consumer no less than 30 days nor more than  
22 60 days before the cancellation deadline under the automatic  
23 renewal provision. An acquirer shall have complied with the  
24 requirement under this paragraph if a notification under  
25 subsection (b) was provided at least 120 days before the  
26 cancellation deadline under the automatic renewal provision.

27 (3) For a contract that is scheduled to automatically  
28 renew following the effective date of this paragraph, the  
29 ~~seller~~ VENDOR shall provide the consumer with notification of <--  
30 the automatic renewal in accordance with the requirements of

1 this section.

2 (d) Contents of notice.--The notification required under  
3 subsection (c) shall disclose clearly and conspicuously:

4 (1) That unless the consumer cancels the contract before  
5 the cancellation deadline, the contract will automatically  
6 renew.

7 (2) The cancellation deadline.

8 (3) The method by which the consumer may obtain details  
9 of the automatic renewal provision and cancellation  
10 procedure, whether by contacting the ~~seller~~ VENDOR at a <--  
11 specified telephone number or address, by referring to the  
12 contract or by any other method.

13 (e) Proof of notification.--A ~~seller~~ VENDOR must retain <--  
14 proof of the notification provided to a consumer subject to a  
15 contract with an automatic renewal provision. The proof of  
16 notification shall be retained by the ~~seller~~ VENDOR for six <--  
17 years following the expiration of the term during which the  
18 notification was sent. The proof of notification may be retained  
19 in an electronic format.

20 (f) Automatic renewal effective.--An automatic renewal  
21 provision in a contract shall be valid unless the consumer gives  
22 notice to the ~~seller of the consumer's intention~~ VENDOR to <--  
23 cancel the contract or unless the ~~seller~~ VENDOR fails to comply <--  
24 with the requirements of this section.

25 (g) Right of rescission.--A contract that contains an  
26 automatic renewal provision in which the ~~goods or~~ services have <--  
27 a sale price of at least \$25 and which are sold or contracted to  
28 be sold to a consumer as a result of, or in connection with, a  
29 contact with or call on the consumer at the consumer's residence  
30 either in person or by telephone shall comply with the notice

1 provisions specified in section 7 of the act of December 17,  
2 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and  
3 Consumer Protection Law.

4 Section 4. Violations.

5 A ~~seller~~ VENDOR that fails to comply with the requirements of <--  
6 section 3 is in violation of this act.

7 Section 5. Void provisions.

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

10 Section 6. Enforcement.

11 A violation of this act shall constitute an unfair or  
12 deceptive trade or practice for purposes of the act of December  
13 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices  
14 and Consumer Protection Law, and shall be subject to the penalty  
15 and enforcement provisions of that act.

16 Section 7. Applicability.

17 (a) General rule.--Except as provided in subsection (b),  
18 this act shall apply to contracts executed or renewed after the  
19 effective date of this subsection.

20 (b) Exceptions.--This act shall not apply to:

21 (1) A lease subject to the act of April 6, 1951 (P.L.69,  
22 No.20), known as The Landlord and Tenant Act of 1951.

23 (2) A contract subject to the act of December 21, 1989  
24 (P.L.672, No.87), known as the Health Club Act.

25 (3) A PERSON OR ENTITY PROVIDING SERVICE CONTRACTS AS <--  
26 DEFINED IN SECTION 358 OF THE ACT OF MAY 17, 1921 (P.L.682,  
27 NO.284), KNOWN AS THE INSURANCE COMPANY LAW OF 1921, OR AN  
28 AFFILIATE OF THE PERSON OR ENTITY.

29 (4) A PERSON OR ENTITY REGULATED BY THE INSURANCE  
30 DEPARTMENT OR AN AFFILIATE OF THE PERSON OR ENTITY.

1           (5) A CONTRACT SUBJECT TO THE ACT OF DECEMBER 3, 1996  
2           (P.L.802, NO.138), KNOWN AS THE ELECTRICITY GENERATION  
3           CUSTOMER CHOICE AND COMPETITION ACT.

4           (6) A CONTRACT SUBJECT TO THE ACT OF JUNE 22, 1999  
5           (P.L.122, NO.21), KNOWN AS THE NATURAL GAS CHOICE AND  
6           COMPETITION ACT.

7           (7) A CONTRACT BETWEEN A CONSUMER AND A BANK, SAVINGS  
8           ASSOCIATION, CREDIT UNION, TRUST COMPANY, A LICENSEE SUBJECT  
9           TO 7 PA.C.S. CH. 61 (RELATING TO MORTGAGE LOAN INDUSTRY  
10          LICENSING AND CONSUMER PROTECTION), OR AN AFFILIATE OF ANY OF  
11          THESE BUSINESSES, INCLUDING THE SALE, ASSIGNMENT OR TRANSFER  
12          OF A CONTRACT TO ANY OTHER BUSINESS OR AFFILIATE.

13 Section 8. Effective date.

14          This act shall take effect in 60 days.