

Regular Session, 2010

SENATE BILL NO. 618

BY SENATOR MCPHERSON

PUBLIC CONTRACTS. Provides relative to the automatic renewal of contracts if the consumer is notified and given an opportunity to cancel. (8/15/10)

1 AN ACT
2 To enact R.S. 9:2716, relative to contracts; to provide for automatic renewal of contracts;
3 to provide for the termination of such contracts; to provide for cancelling contracts
4 electronically using the Internet; to provide for exceptions; and to provide for related
5 matters.
6 Be it enacted by the Legislature of Louisiana:
7 Section 1. R.S. 9:2716 is hereby enacted to read as follows:
8 **§2716. Automatic renewal of contracts**
9 **A.(1)(a) A contract may contain an automatic renewal clause; however,**
10 **ninety days prior to the expiration of the contract, the obligee shall provide**
11 **written notification to the obligor of the automatic renewal and the right of the**
12 **obligor to cancel the contract. The notice to the obligor shall be clearly located**
13 **within the periodic billing statement received by the obligor under the contract**
14 **in clear, unambiguous language in conspicuous type on the billing statement**
15 **and shall inform the obligor of the time limit to cancel the contract. If there is**
16 **no periodic billing statement, a separate written notification to the obligor in**
17 **clear, unambiguous, conspicuous type shall be mailed to the obligor.**

1 **(b) "Conspicuous type" means type in boldfaced capital letters no**
 2 **smaller than the largest type, exclusive of headings, on the page on which it**
 3 **appears and, in all cases, at least 10-point type. The conspicuous type must be**
 4 **separated on all sides from other type and print.**

5 **(2)(a) The obligor shall have a minimum of thirty days from receipt of**
 6 **the periodic billing statement or the separate written notification to the obligor**
 7 **with the notification required by Paragraph (1) of this Subsection to cancel in**
 8 **writing the automatic renewal of such contract.**

9 **(b) If the contract was entered into by the parties electronically through**
 10 **the Internet, the cancellation of the automatic renewal may be completed**
 11 **electronically using the Internet.**

12 **B. Any contract automatically renewed in violation of this Section shall**
 13 **be null and void.**

14 **C. The provisions of this Section shall only apply to contracts with a**
 15 **term of one year or longer.**

16 **D. The provisions of this Section shall not apply to the Louisiana Rental-**
 17 **Purchase Agreement Act as provided in R.S. 9:3351 through 3362.**

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Christopher D. Adams.

DIGEST

Proposed law provides a contract may contain an automatic renewal clause if the consumer is notified and given an opportunity to cancel.

Proposed law authorizes automatic renewal clauses but requires the obligee to provide written notification to the obligor of the automatic renewal and the right of the obligor to cancel the contract 90 days prior to the expiration of the contract. The notice to the obligor shall be clearly located within the periodic billing statement received by the obligor under the contract in clear, unambiguous language in conspicuous type on the billing statement and shall inform the obligor of the time limit to cancel the contract. If there is no periodic billing statement, a separate written notification to the obligor in clear, unambiguous, conspicuous type must be mailed to the obligor.

"Conspicuous type" is defined as type in boldfaced capital letters no smaller than the largest type, exclusive of headings, on the page on which it appears and, in all cases, at least 10-point type. It must be separated on all sides from other type and print.

The obligor has a minimum of 30 days from receipt of the periodic billing statement or the separate written notification to cancel in writing the automatic renewal of the contract.

Proposed law provides that if the contract was entered into by the parties electronically through the Internet, the cancellation of the automatic renewal may be done electronically using the Internet.

Proposed law provides that a contract automatically renewed in violation of proposed law will be null and void.

Proposed law applies to contracts with a term of one year or longer

Proposed law provides that the provisions of proposed law will not apply to the Louisiana Rental-Purchase Agreement Act.

Effective on August 15, 2010.

(Adds R.S. 9:2716)