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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2196 Session of  
2024

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

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REFERRED TO COMMITTEE ON COMMERCE, APRIL 8, 2024

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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 "Acquirer." A person who purchased a contract or business  
13 and becomes a party to a contract involving the sale or lease of  
14 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  
17 more than one month, if the renewal causes the contract to be in

1 effect for more than six months after the effective date of the  
2 original contract.

3 "Consumer." A person who receives goods, services,  
4 maintenance or repairs under a contract.

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

12 "Seller." A person engaged in trade or commerce in this  
13 Commonwealth who advertises, sells, leases or offers to sell or  
14 lease a good or service to a consumer under a contract.

15 Section 3. Contracts with automatic renewal provisions.

16 (a) Disclosure required.--

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

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

26 (b) Notification upon sale of business or contract.--After  
27 the sale of a business that is a party to a contract with an  
28 automatic renewal clause, or after the sale of a contract with  
29 an automatic renewal clause, the acquirer shall, within 60 days,  
30 notify the customer of the sale. The notification shall clearly

1 indicate the change in ownership of the business or contract and  
2 provide the customer with an opportunity to opt out of the  
3 automatic renewal provision.

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

5 (1) A seller or acquirer that has entered into a  
6 contract in this Commonwealth that automatically renews for a  
7 specified period of more than one month shall provide the  
8 consumer with written or electronic notification of the  
9 automatic renewal provision. If the seller has changed and is  
10 no longer the original seller, the notification shall include  
11 a statement indicating the change. No notice shall be  
12 required where the consumer has canceled the contract.

13 (2) The notification under this subsection shall be  
14 provided to the consumer no less than 30 days nor more than  
15 60 days before the cancellation deadline under the automatic  
16 renewal provision. An acquirer shall have complied with the  
17 requirement under this paragraph if a notification under  
18 subsection (b) was provided at least 120 days before the  
19 cancellation deadline under the automatic renewal provision.

20 (3) For a contract that is scheduled to automatically  
21 renew following the effective date of this paragraph, the  
22 seller shall provide the consumer with notification of the  
23 automatic renewal in accordance with the requirements of this  
24 section.

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

27 (1) That unless the consumer cancels the contract before  
28 the cancellation deadline, the contract will automatically  
29 renew.

30 (2) The cancellation deadline.

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

6           (e) Proof of notification.--A seller must retain proof of  
7 the notification provided to a consumer subject to a contract  
8 with an automatic renewal provision. The proof of notification  
9 shall be retained by the seller for six years following the  
10 expiration of the term during which the notification was sent.  
11 The proof of notification may be retained in an electronic  
12 format.

13           (f) Automatic renewal effective.--An automatic renewal  
14 provision in a contract shall be valid unless the consumer gives  
15 notice to the seller of the consumer's intention to cancel the  
16 contract or unless the seller fails to comply with the  
17 requirements of this section.

18           (g) Right of rescission.--A contract that contains an  
19 automatic renewal provision in which the goods or services have  
20 a sale price of at least \$25 and which are sold or contracted to  
21 be sold to a consumer as a result of, or in connection with, a  
22 contact with or call on the consumer at the consumer's residence  
23 either in person or by telephone shall comply with the notice  
24 provisions specified in section 7 of the act of December 17,  
25 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and  
26 Consumer Protection Law.

27 Section 4. Violations.

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

30 Section 5. Void provisions.

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

3 Section 6. Enforcement.

4 A violation of this act shall constitute an unfair or  
5 deceptive trade or practice for purposes of the act of December  
6 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices  
7 and Consumer Protection Law, and shall be subject to the penalty  
8 and enforcement provisions of that act.

9 Section 7. Applicability.

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

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

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

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

18 Section 8. Effective date.

19 This act shall take effect in 60 days.