

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, WARREN, BRENNAN, MAYES AND GUZMAN, APRIL 8, 2024

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 10, 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 purchases or acquires a contract or
13 business from a seller and becomes a party to a contract.

14 "Automatic renewal provision." A provision of a contract
15 under which the contract is renewed for a specific period of
16 more than one month, if the renewal causes the contract to be in

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

3 "Consumer." A person who purchases or leases services under
4 a contract.

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

11 "Seller." A person who sells or transfers a contract to an
12 acquirer.

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

16 Section 3. Contracts with automatic renewal provisions.

17 (a) Disclosure required.--

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

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

27 (b) Notification upon sale or acquisition of business or
28 contract.--After the sale or acquisition of a business that is a
29 party to a contract with an automatic renewal clause, or after
30 the sale or acquisition of a contract with an automatic renewal

1 clause, the acquirer shall, within 60 days, notify the consumer
2 of the sale. The notification shall clearly indicate the change
3 in ownership of the business or contract and provide the
4 consumer with an opportunity to opt out of the automatic renewal
5 provision.

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

7 (1) A vendor or acquirer that is party to a contract in
8 this Commonwealth which automatically renews for a specified
9 period of more than one month shall provide the consumer with
10 written or electronic notification of the automatic renewal
11 provision. If the vendor has changed and is no longer the
12 original vendor, the notification shall include a statement
13 indicating the change.

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

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

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

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

1 (2) The cancellation deadline.

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

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

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

18 (g) Right of rescission.--A contract that contains an
19 automatic renewal provision in which the services have a sale
20 price of at least \$25 and which are sold or contracted to be
21 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 vendor 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 AVAILABLE TO THE ATTORNEY GENERAL OR <--
9 A DISTRICT ATTORNEY of that act.

10 Section 7. Applicability.

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

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

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

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

19 (3) A person or entity providing service contracts as
20 defined in section 358 of the act of May 17, 1921 (P.L.682,
21 No.284), known as The Insurance Company Law of 1921, or an
22 affiliate of the person or entity.

23 (4) A person or entity regulated by the Insurance
24 Department or an affiliate of the person or entity.

25 (5) A contract subject to the act of December 3, 1996
26 (P.L.802, No.138), known as the Electricity Generation
27 Customer Choice and Competition Act.

28 (6) A contract subject to the act of June 22, 1999
29 (P.L.122, No.21), known as the Natural Gas Choice and
30 Competition Act.

1 (7) A contract between a consumer and a bank, savings
2 association, credit union, trust company, a licensee subject
3 to 7 Pa.C.S. Ch. 61 (relating to Mortgage Loan Industry
4 Licensing and Consumer Protection), or an affiliate of any of
5 these businesses, including the sale, assignment or transfer
6 of a contract to any other business or affiliate.

7 Section 8. Effective date.

8 This act shall take effect in 60 days.