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H.327

Introduced by Representative Young of Greensboro

Referred to Committee on

Date:

Subject: Commerce and trade; consumer protection

Statement of purpose of bill as introduced: This bill proposes to clarify how a consumer may consent to an automatic renewal provision in a contract.

An act relating to automatic renewal contract provisions

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. 9 V.S.A. § 2454a is amended to read:~~

~~§ 2454a. CONSUMER CONTRACTS; AUTOMATIC RENEWAL~~

~~(a) A contract between a consumer and a seller or a lessor with an initial term of one year or longer that renews for a subsequent term that is longer than one month shall not renew automatically unless:~~

~~(1) the contract states clearly and conspicuously the terms of the automatic renewal provision in plain, unambiguous language in bold-face type;~~

~~(2) in addition to accepting the contract, the consumer takes an affirmative action to opt in to the seller or lessor obtains the consumer's~~

~~consent to the agreement containing the automatic renewal provision, and~~

1 ~~(3) if the consumer opts in to the automatic renewal provision, the seller~~

2 or lessor provides a written or electronic notice to the consumer:

3 (A) not less than 30 days and not more than 60 days before the
4 earliest of:

5 (i) the automatic renewal date;

6 (ii) the termination date; or

7 (iii) the date by which the consumer must provide notice to cancel
8 the contract; and

9 (B) that includes:

10 (i) the date the contract will terminate and a clear statement that
11 the contract will renew automatically unless the consumer cancels the contract
12 on or before the termination date;

13 (ii) the length and any additional terms of the renewal period;

14 (iii) one or more methods by which the consumer can cancel the
15 contract; and

16 (iv) contact information for the seller or lessor.

17 (b) A person who violates a provision of subsection (a) of this section
18 commits an unfair and deceptive act in commerce in violation of section 2453

19 ~~of this title.~~

1 ~~(c) The provisions of this section do not apply to:~~

2 ~~(1) a contract between a consumer and a financial institution, as defined~~
3 ~~in 8 V.S.A. § 11101, or between a consumer and a credit union, as defined in~~
4 ~~8 V.S.A. § 30101; or~~

5 ~~(2) a contract for insurance, as defined in 8 V.S.A. § 3301a.~~

6 Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2019 and supersedes contrary provisions of
~~2018 Acts and Resolves No. 179, Sec. 1.~~

Sec. 1. 9 V.S.A. § 2454a is amended to read:

§ 2454a. CONSUMER CONTRACTS; AUTOMATIC RENEWAL

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(1) the contract states clearly and conspicuously the terms of the automatic renewal provision in plain, unambiguous language in bold-face type; and

(2) ~~in addition to accepting the contract, the consumer takes an affirmative action to opt in to the automatic renewal provision; and~~

(3) ~~if the consumer opts in to the automatic renewal provision, the seller or lessor provides a written or electronic notice to the consumer:~~

(A) not less than 30 days and not more than 60 days before the earliest of:

(i) the automatic renewal date;

(ii) the termination date; or

(iii) the date by which the consumer must provide notice to cancel the contract; and

(B) that includes:

(i) the date the contract will terminate and a clear statement that the contract will renew automatically unless the consumer cancels the contract on or before the termination date; and

(ii) the length and any additional terms of the renewal period;

~~(iii) one or more methods by which the consumer can cancel the contract; and~~

~~(iv) contact information for the seller or lessor.~~

(b) A seller or lessor under a contract subject to subsection (a) of this section shall:

(1) provide to the consumer a toll-free telephone number, electronic-mail address, a postal address if the seller or lessor directly bills the consumer, or another cost-effective, timely, and easy-to-use mechanism for canceling the contract; and

(2) if the consumer accepted the contract online, permit the consumer to terminate the contract exclusively online, which may include a termination e-mail formatted and provided by the seller or lessor that the consumer can send without additional information.

(c) A person who violates a provision ~~of subsection (a)~~ of this section commits an unfair and deceptive act in commerce in violation of section 2453 of this title.

(e)(d) The provisions of this section do not apply to:

(1) a contract between a consumer and a financial institution, as defined in 8 V.S.A. § 11101, or between a consumer and a credit union, as defined in 8 V.S.A. § 30101; or

(2) a contract for insurance, as defined in 8 V.S.A. § 3301a.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2019 and supersedes contrary provisions of 2018 Acts and Resolves No. 179, Sec. 1.