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HOUSE FILE NO. 532

FIRST COMMITTEE ENGROSSMENT

February 1, 2007

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The bill was read for the first time and referred to the Committee on Commerce and Labor

Referred by Chair to Labor and Consumer Protection Division.

Feb/9/2007

Returned to the Committee on Commerce and Labor as Amended.

1.1 A bill for an act
1.2 relating to consumer protection; regulating certain contracts entered into by
1.3 military service personnel; authorizing cancellations; requiring utilities to
1.4 establish payment arrangements for military service personnel; proposing coding
1.5 for new law in Minnesota Statutes, chapters 325E; 325G.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **[325E.027] UTILITY PAYMENT ARRANGEMENTS FOR MILITARY**
1.8 **SERVICE PERSONNEL.**

1.9 **Subdivision 1. Restriction on disconnection; payment schedules.** (a) A municipal
1.10 utility, cooperative electric association, or public utility must not disconnect the utility
1.11 service of a residential customer if a member of the household has been issued orders into
1.12 active duty, for deployment, or for a permanent change in duty station during the period of
1.13 active duty, deployment, or change in duty station if such a residential customer:

1.14 (1) has a household income below the state median household income or is receiving
1.15 energy assistance and enters into an agreement with the municipal utility, cooperative
1.16 electric association, or public utility under which the residential customer pays ten percent
1.17 of the customer's gross monthly income toward the customer's bill and the residential
1.18 customer remains reasonably current with those payments; or

1.19 (2) has a household income above the state median household income and enters
1.20 into an agreement with the municipal utility, cooperative electric association, or public
1.21 utility establishing a reasonable payment schedule that considers the financial resources
1.22 of the household and the residential customer remains reasonably current with payments
1.23 under the payment schedule.

1.24 (b) For purposes of this subdivision, "household income" means household income
1.25 measured after the date of the orders specified in paragraph (a).

2.1 Subd. 2. **Annual notice to all customers; inability to pay forms.** (a) A municipal
2.2 utility, cooperative electric association, or public utility must notify all residential
2.3 customers annually of the provisions of this section.

2.4 (b) A municipal utility, cooperative electric association, or public utility must
2.5 provide a form to a residential customer to request the protections of this section upon
2.6 the residential customer's request.

2.7 Subd. 3. **Application to service limiters.** For the purposes of this section,
2.8 "disconnection" includes a service or load limiter or any device that limits or interrupts
2.9 electric service in any way.

2.10 Subd. 4. **Income verification.** Verification of income may be conducted by the
2.11 local energy assistance provider or the municipal utility, cooperative electric association,
2.12 or public utility unless the customer is automatically eligible for protection against
2.13 disconnection as a recipient of any form of public assistance, including energy assistance
2.14 that uses income eligibility in an amount at or below the income eligibility in subdivision
2.15 1, clause (1).

2.16 Subd. 5. **Appeal process.** (a) The municipal utility, cooperative electric association,
2.17 or public utility shall provide the residential customer with a commission-approved written
2.18 notice of the right to appeal to the commission when the utility and residential customer
2.19 are unable to agree on the establishment, reasonableness, or modification of a payment
2.20 schedule, or on the reasonable timeliness of the payments under a payment schedule,
2.21 provided for by this section. Any appeal must be made within seven working days after
2.22 the residential customer's receipt of personally served notice, or within ten working days
2.23 after the utility has deposited first class mail notice in the United States mail.

2.24 (b) The utility shall not disconnect service while a payment schedule is pending
2.25 appeal, or until any appeal involving payment schedules has been determined by the
2.26 commission.

2.27 Sec. 2. **[325G.53] CANCELLATION WITHOUT PENALTY OF WIRELESS**
2.28 **CONTRACTS BY MILITARY SERVICE PERSONNEL.**

2.29 Subdivision 1. **Authority.** Any service member who has been issued orders into
2.30 active duty, for deployment, or for a permanent change of duty station, or the spouse of
2.31 the service member, may terminate, without penalty, a wireless service contract, or some
2.32 portion of it, that is executed by or on behalf of the service member or by the spouse of
2.33 that service member. "Service member" includes any business entity wholly owned by the
2.34 service member or the service member's spouse.

3.1 Subd. 2. **When effective.** Termination of the wireless service contract is not
3.2 effective until both of the following occur:

3.3 (1) 30 days after the service member or the service member's spouse gives notice by
3.4 certified mail, return receipt requested, of the intention to terminate the wireless service
3.5 contract or part of it, and provides a copy of the service member's order for activation,
3.6 deployment, or change of duty station; and

3.7 (2) if the service member or the service member's spouse owns the wireless
3.8 telephone, the wireless telephone is returned to the custody or control of the wireless
3.9 carrier, or the service member or the service member's spouse agrees in writing to return
3.10 the wireless telephone as soon as practicable after the military service is completed.

3.11 Sec. 3. **[325G.54] CANCELLATION WITHOUT PENALTY OF RENTAL,**
3.12 **CLUB, SERVICE, AND MEMBERSHIP TRAVEL CONTRACTS BY MILITARY**
3.13 **SERVICE PERSONNEL.**

3.14 Subdivision 1. **Application.** This section applies to any rental contracts, club
3.15 contracts under section 325G.23, service contracts, and membership travel contracts
3.16 under section 325G.50 in which:

3.17 (1) such a contract was executed by or on the behalf of a person who, after the
3.18 execution of the contract, was issued orders into active duty, for deployment, or for a
3.19 permanent change of duty station; and

3.20 (2) where as a result of the orders it is impractical for the person to enjoy the benefits
3.21 of the contract. For purposes of the subdivision, "service member" includes any business
3.22 entity wholly owned by the service member or the service member's spouse.

3.23 Subd. 2. **Authority.** A service member who enters into a rental, club, membership
3.24 travel, or service contract, and who is issued orders into active duty, for deployment, or for
3.25 a permanent change of duty station, subsequent to the execution of the contract, is entitled
3.26 to cancel the contract at no penalty and with a full refund of any money which may have
3.27 been placed on deposit where the service member's military activation, deployment, or
3.28 change in duty station causes it to be impractical for the service member to abide by the
3.29 terms and conditions of the contract. For purposes of this subdivision, "service member"
3.30 includes any business entity wholly owned by the service member or the service member's
3.31 spouse. For purposes of this section, "service contract" includes those for services such as
3.32 television, computer, Internet service, or any other type of service.

3.33 Subd. 3. **Notice.** Any such contract may be terminated by notice in writing sent
3.34 to the contractor by the person issued orders for active duty, for deployment, or for
3.35 a permanent change of duty station, canceling the service member's rental, club, or

4.1 membership travel contract within two weeks of the service member's receipt of the
4.2 orders, and the notice must include a copy of the orders in question. Delivery of the
4.3 notice must be made by certified mail addressed to the contractor. For purposes of this
4.4 subdivision, "service member" includes any business entity wholly owned by the service
4.5 member or the service member's spouse.

4.6 **Sec. 4. ~~[325G.55]~~ OTHER RIGHTS AND PROTECTIONS.**

4.7 The rights and protections afforded to service members under the Servicemembers
4.8 Civil Relief Act, United States Code, title 50, Appendix, sections 501 to 596, also apply in
4.9 Minnesota to any business wholly owned by the service member or the service member's
4.10 spouse.

4.11 **Sec. 5. ENFORCEMENT.**

4.12 Section 1 may be enforced pursuant to Minnesota Statutes, chapter 216B. Sections 2,
4.13 3, and 4 may be enforced by the attorney general pursuant to Minnesota Statutes, section
4.14 8.31, and are subject to the penalties set forth in that section.