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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION   **H. F. No.** **515**

01/26/2017   Authored by Wills and Youakim
             The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1   A bill for an act

1.2   relating to contracts; regulating automatic renewal clauses in consumer contracts;
1.3   proposing coding for new law in Minnesota Statutes, chapter 325G.

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

1.5   Section 1. **[325G.56] AUTOMATIC RENEWAL OF CONSUMER CONTRACTS.**

1.6   Subdivision 1. **Definitions.** For purposes of this section:

1.7   (1) "automatic renewal clause" means a provision of a contract that extends the term of

1.8   or renews a contract if the consumer does not take a specified action, provided the original

1.9   contract term is for one year or more and the contract automatically renews for more than

1.10   one month;

1.11   (2) "consumer" means a person who acquires goods or services for personal, family, or

1.12   household purposes; and

1.13   (3) "seller" means a person who provides a service or sells or leases goods to the

1.14   consumer.

1.15   Subd. 2. **Requirements for automatic renewal.** If a contract between a seller and a

1.16   consumer contains an automatic renewal clause, the seller shall:

1.17   (1) clearly and conspicuously disclose to the consumer the automatic renewal clause

1.18   and the procedure for canceling the contract at the time that the seller enters into the contract

1.19   with the consumer; and

Section 1.   1

2.1   (2) give the consumer written notice of the automatic renewal clause and the procedure

2.2   for canceling the contract no less than 30 days and no more than 60 days before the last

2.3   date on which the consumer may cancel the contract before it renews for another term.

2.4   Subd. 3. **Notice of automatic renewal.** (a) Written notice provided under this section

2.5   must clearly and conspicuously disclose:

2.6   (1) that the contract will automatically renew if the consumer does not cancel the contract;

2.7   (2) the cancellation procedure, which shall allow for cancellation by regular mail or

2.8   e-mail; and

2.9   (3) the dates during which the consumer may cancel the contract.

2.10   (b) Written notice under this section must be made in a stand-alone mailing using

2.11   boldfaced type.

2.12   Subd. 4. **Consumer's right to cancel.** (a) A consumer may cancel the automatic renewal

2.13   of a contract at any time before the date on which the contract renews for another term, at

2.14   no cost to the consumer, by following the procedure set out in the disclosure and notice

2.15   provided under this section or by standard mail or e-mail.

2.16   (b) If the seller fails to provide either the disclosure or the written notice required by

2.17   subdivision 2, the consumer may cancel the contract by any reasonable means at any time,

2.18   including by standard mail, e-mail, or telephone, at no cost to the consumer.

2.19   Subd. 5. **Right of first refusal.** A contract subject to this section must not require that

2.20   the consumer has to permit the seller to match any offer the consumer has received. A

2.21   provision in a contract that violates this subdivision is void and unenforceable.

2.22   Subd. 6. **Exemption.** (a) This section does not apply to a class of contracts governed by

2.23   other specific provisions related to automatic or guaranteed renewal in state or federal statute

2.24   or regulation.

2.25   (b) This section does not apply to contracts when the consumer may cancel at any time

2.26   and receive a refund for goods or services not yet provided, if notice of this cancellation

2.27   right is given in the manner provided in subdivision 3, and the consumer may cancel by any

2.28   reasonable means, including by standard mail, e-mail, or telephone.

2.29   Subd. 7. **Enforcement.** This section may be enforced by the attorney general under

2.30   section 8.31.

2.31   **EFFECTIVE DATE.** This section is effective January 1, 2018, for contracts entered

2.32   into, modified, or renewed on or after that date.