
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2706 Session of
2020

INTRODUCED BY RABB, ROTHMAN, OTTEN, GALLOWAY, HANBIDGE, HILL-
EVANS, McNEILL, DALEY, HOWARD, McCLINTON, SCHWEYER, ROZZI,
CIRESI, ULLMAN, NEILSON, SANCHEZ, LEE AND WARREN,
JULY 30, 2020

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JULY 30, 2020

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 "Automatic renewal provision." A provision of a contract
13 under which the contract is renewed for a specific period of
14 more than one month, if the renewal causes the contract to be in
15 effect for more than six months after the effective date of the
16 original contract.

17 "Consumer." A person who receives goods, services,

1 maintenance or repairs under a contract.

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

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

12 Section 3. Contracts with automatic renewal provisions.

13 (a) Disclosure required.--

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

20 (2) A contract that is amended or modified after the
21 effective date of this section shall be amended or modified
22 to include the disclosure specified in paragraph (1).

23 (b) Notification prior to contract renewal.--

24 (1) A seller that has entered into a contract in this
25 Commonwealth that automatically renews for a specified period
26 of more than one month shall provide the consumer with
27 written or electronic notification of the automatic renewal
28 provision. No notice shall be required where the consumer has
29 canceled the contract.

30 (2) The notification under this subsection shall be

1 provided to the consumer no less than 30 days nor more than
2 60 days before the cancellation deadline under the automatic
3 renewal provision.

4 (3) For a contract that is scheduled to automatically
5 renew following the effective date of this act, the seller
6 shall provide the consumer with notification of the automatic
7 renewal in accordance with the requirements of this section.

8 (c) Contents of notice.--The notification required under
9 subsection (b) shall disclose clearly and conspicuously:

10 (1) That unless the consumer cancels the contract before
11 the cancellation deadline, the contract will automatically
12 renew.

13 (2) The cancellation deadline.

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

19 (d) Proof of notification.--A seller must retain proof of
20 the notification provided to a consumer subject to a contract
21 with an automatic renewal provision. The proof of notification
22 shall be retained by the seller for six years following the
23 expiration of the term during which the notification was sent.
24 The proof of notification may be retained in an electronic
25 format.

26 (e) Automatic renewal effective.--An automatic renewal
27 provision in a contract shall be valid unless the consumer gives
28 notice to the seller of the consumer's intention to cancel the
29 contract or unless the seller fails to comply with the
30 requirements of this section.

1 (f) Right of rescission.--A contract that contains an
2 automatic renewal provision in which the goods or services have
3 a sale price of at least \$25 and which are sold or contracted to
4 be sold to a consumer as a result of, or in connection with, a
5 contact with or call on the consumer at his residence either in
6 person or by telephone shall comply with the notice provisions
7 specified in section 7 of the act of December 17, 1968
8 (P.L.1224, No.387), known as the Unfair Trade Practices and
9 Consumer Protection Law.

10 Section 4. Violations.

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

13 Section 5. Void provisions.

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

16 Section 6. Enforcement.

17 A violation of this act shall constitute an unfair or
18 deceptive trade or practice for purposes of the act of December
19 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices
20 and Consumer Protection Law, and shall be subject to the penalty
21 and enforcement provisions of that act.

22 Section 7. Applicability.

23 This act shall apply as follows:

24 (1) This act shall not apply to a lease subject to the
25 act of April 6, 1951 (P.L.69, No.20), known as The Landlord
26 and Tenant Act of 1951.

27 (2) This act shall not apply to a contract subject to
28 the act of December 21, 1989 (P.L.672, No.87), known as the
29 Health Club Act.

30 (3) This act shall apply to contracts signed or renewed

- 1 after the effective date of this section.
- 2 Section 8. Effective date.
- 3 This act shall take effect in 60 days.