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## AUTOMATIC RENEWAL CONTRACT REQUIREMENTS

# 2024 GENERAL SESSION STATE OF UTAH

Chief Sponsor: Cheryl K. Acton

Senate Sponsor: Todd D. Weiler

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## 3 LONG TITLE

5 This bill addresses automatic renewal contract requirements.

#### **Highlighted Provisions:**

**General Description:** 

- 7 This bill:
- requires a person who offers a contract with an automatic renewal provision to disclose
  certain information to the consumer regarding the renewal and cancellation of the contract;
- 10 requires a person who offers a trial period offer to disclose certain information to the
- 11 consumer regarding the expiration of the trial period and purchase obligations upon expiration;
- 12 voids any renewal contract provision that violates this section;
- 13 authorizes the Division of Consumer Protection (division) to enforce the provisions in this bill;
  - requires fines and civil penalties for a violation of the provisions in this bill;
    - requires fines and civil penalties received by the division for a violation of the
- 17 provisions in this bill to be placed in the Consumer Protection Education and Training Fund;
- 18 grants administrative rulemaking authority;
  - makes technical and conforming changes; and
- 20 ▶ defines terms.

### 21 Money Appropriated in this Bill:

- 22 None
- 23 Other Special Clauses:
- This bill provides a special effective date.
- 25 Utah Code Sections Affected:
- 26 AMENDS:
- 27 **13-2-1 (Effective 05/02/24)**, as last amended by Laws of Utah 2023, Chapters 31, 36, 377,

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	458, 477, 498, 509, and 536
F	ENACTS:
	13-70-101 (Effective 01/01/25), as Utah Code Annotated 1953
	13-70-201 (Effective 01/01/25), as Utah Code Annotated 1953
	13-70-301 (Effective 01/01/25), as Utah Code Annotated 1953
l	Be it enacted by the Legislature of the state of Utah:
	Section 1. Section 13-2-1 is amended to read:
	13-2-1 (Effective 05/02/24). Consumer protection division established
I	Functions.
(	1) There is established within the Department of Commerce the Division of Consumer
	Protection.
(	(2) The division shall administer and enforce the following:
	(a) Chapter 10a, Music Licensing Practices Act;
	(b) Chapter 11, Utah Consumer Sales Practices Act;
	(c) Chapter 15, Business Opportunity Disclosure Act;
	(d) Chapter 20, New Motor Vehicle Warranties Act;
	(e) Chapter 21, Credit Services Organizations Act;
	(f) Chapter 22, Charitable Solicitations Act;
	(g) Chapter 23, Health Spa Services Protection Act;
	(h) Chapter 25a, Telephone and Facsimile Solicitation Act;
	(i) Chapter 26, Telephone Fraud Prevention Act;
	(j) Chapter 28, Prize Notices Regulation Act;
	(k) Chapter 32a, Pawnshop, Secondhand Merchandise, and Catalytic Converter
	Transaction Information Act;
	(l) Chapter 34, Utah Postsecondary School and State Authorization Act;
	(m) Chapter 41, Price Controls During Emergencies Act;
	(n) Chapter 42, Uniform Debt-Management Services Act;
	(o) Chapter 49, Immigration Consultants Registration Act;
	(p) Chapter 51, Transportation Network Company Registration Act;
	(q) Chapter 52, Residential Solar Energy Disclosure Act;
	(r) Chapter 53, Residential, Vocational and Life Skills Program Act;
	(s) Chapter 54, Ticket Website Sales Act;

(t) Chapter 56, Ticket Transferability Act;

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62	(u) Chapter 57, Maintenance Funding Practices Act;
63	(v) Chapter 61, Utah Consumer Privacy Act;
64	(w) Chapter 63, Utah Social Media Regulation Act;
65	(x) Chapter 64, Vehicle Value Protection Agreement Act;
66	(y) Chapter 65, Utah Commercial Email Act;
67	(z) Chapter 67, Online Dating Safety Act; [and]
68	(aa) Chapter 68, Lawyer Referral Consultants Registration Act[-] ; and
69	(bb) Chapter 70, Automatic Renewal Contracts Act.
70	Section 2. Section 13-70-101 is enacted to read:
71	CHAPTER 70. AUTOMATIC RENEWAL CONTRACTS ACT
72	Part 1. General Provisions
73	<b>13-70-101</b> (Effective 01/01/25). Definitions.
74	As used in this chapter:
75	(1) "Automatic renewal provision" means a provision under a contract that is automatically
76	renewed at the end of a definite, paid term for a subsequent, paid term that is longer than
77	<u>45 days.</u>
78	(2) "Clearly and conspicuously disclose" means to disclose:
79	(a) in print:
80	(i) in larger type than the surrounding text;
81	(ii) in contrasting type, font, or color to the surrounding text of the same size; or
82	(iii) in a manner set off from the surrounding text of the same size by symbols or
83	other marks that clearly call attention to the language; or
84	(b) through audio, in a volume and cadence sufficient to be readily audible and
85	<u>understandable.</u>
86	(3) "Division" means the Division of Consumer Protection established in Section 13-2-1.
87	(4) "Rental agreement" means any agreement, written or oral, which establishes or modifies
88	the terms, conditions, rules, or any other provisions regarding the use or occupancy of
89	real property for residential or commercial purposes.
90	(5) "Trial period offer" means an offer to provide a period of time to sample or use a
91	product or service without payment.
92	Section 3. Section 13-70-201 is enacted to read:
93	Part 2. Automatic Renewal Contract

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94	13-70-201 (Effective 01/01/25). Automatic renewal provisions Trial period
95	offers Notice Exceptions.
96	(1) Except as provided in Subsection (3), a person who provides an individual a product or
97	service under a contract with an automatic renewal provision shall provide a notice to
98	the individual, at least 30 but not more than 60 days before the day on which the
99	automatic renewal provision renews, that clearly and conspicuously discloses:
100	(a) the renewal date;
101	(b) the total renewal cost; and
102	(c) options for cancellation of the contract.
103	(2) Except as provided in Subsection (3), a person who provides an individual a trial period
104	offer shall provide a notice to the individual, at least three days before the day on which
105	the period of time under the trial period offer expires, that clearly and conspicuously
106	discloses:
107	(a) the trial period offer expiration date;
108	(b) the price to be charged for the product or service, or any further purchase obligation
109	to be imposed on the individual, after the expiration date; and
110	(c) options for cancellation of the contract.
111	(3) This section does not apply to:
112	(a) any individual or entity regulated under Title 31A, Insurance Code, or an affiliate of
113	the individual or entity;
114	(b) a person providing a service contract, as defined in Section 31A-6a-101;
115	(c) a financial institution or an affiliate of a financial institution regulated under Title V
116	of the Gramm-Leach-Bliley Act, 15 U.S.C. Sec. 6801 et seq.;
117	(d) a public utility, as defined in Section 54-2-1;
118	(e) an entity or affiliate of the entity that provides services regulated by the Federal
119	Communications Commission, Federal Energy Regulatory Commission, or Federal
120	Professional Services Council;
121	(f) a rental agreement; or
122	(g) an agreement for property management, as defined in 61-2f-102.
123	(4) An automatic renewal provision that violates this section is void.
124	Section 4. Section 13-70-301 is enacted to read:
125	Part 3. Enforcement
126	13-70-301 (Effective 01/01/25). Administration and enforcement Division

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127	powers Fees Rulemaking.
128	(1) The division shall administer and enforce this chapter in accordance with Chapter 2,
129	Division of Consumer Protection.
130	(2) In addition to the division's enforcement powers under Chapter 2, Division of Consumer
131	Protection:
132	(a) the division director may impose an administrative fine of up to \$2,500 for each
133	violation of this chapter; and
134	(b) the division may bring a civil action to enforce this chapter.
135	(3) In a civil action by the division to enforce this chapter, the court may:
136	(a) declare that an act or practice violates this chapter;
137	(b) issue an injunction for a violation of this chapter;
138	(c) order disgorgement of any money received after a violation of this chapter;
139	(d) order payment of disgorged money to an injured individual;
140	(e) impose a civil penalty of up to \$2,500 for each violation of this chapter; or
141	(f) award any other relief that the court deems reasonable and necessary.
142	(4) If a court grants judgment or injunctive relief to the division, the court shall award the
143	division:
144	(a) reasonable attorney fees;
145	(b) court costs; and
146	(c) investigative fees.
147	(5) (a) A person who violates an administrative or court order issued for a violation of
148	this chapter is subject to a civil penalty of no more than \$5,000 for each violation.
149	(b) A civil penalty authorized under this section may be imposed in any civil action
150	brought by the division.
151	(c) The division shall deposit money received for the payment of a fine or civil penalty
152	under this section into the General Fund.
153	(6) The division may make rules in accordance with Title 63G, Chapter 3, Utah
154	Administrative Rulemaking Act, to enforce this chapter.
155	Section 5. Effective date.
156	This bill takes effect on January 1, 2025