

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 894

H.P. 613

House of Representatives, March 12, 2015

An Act Relating to Automatic Contract Renewals

Reference to the Committee on Labor, Commerce, Research and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative WARD of Dedham.
Cosponsored by Senator PATRICK of Oxford and
Representatives: AUSTIN of Gray, BATES of Westbrook, CAMPBELL of Newfield,
FECTEAU of Biddeford, HERBIG of Belfast, LOCKMAN of Amherst, MASTRACCIO of
Sanford, Senator: VOLK of Cumberland.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 10 MRSA c. 229** is enacted to read:

3 **CHAPTER 229**

4 **AUTOMATIC CONTRACT RENEWAL ACT**

5 **§1500-H. Short title**

6 This chapter may be known and cited as "the Automatic Contract Renewal Act."

7 **§1500-I. Definitions**

8 As used in this chapter, unless the context otherwise indicates, the following terms
9 have the following meanings.

10 **1. Consumer.** "Consumer" means an individual, business, corporation or other legal
11 entity receiving products, services or repair under a contract.

12 **2. Contract.** "Contract" means a written agreement between 2 or more parties.

13 **3. Parties.** "Parties" includes individuals and other legal entities, but does not
14 include the Federal Government, the State or another state, a unit of local government or
15 a school district.

16 **§1500-J. Automatic renewal; requirements**

17 **1. Automatic renewal.** A person, firm, partnership, association or corporation that
18 sells or offers to sell a product or service to a consumer pursuant to a contract that
19 automatically renews unless the consumer cancels the account shall disclose the
20 automatic renewal clause clearly and conspicuously in the contract, including the
21 cancellation procedure. The automatic renewal clause must be printed in upper case
22 letters, underscored and in bold print of a print size larger than the text of the rest of the
23 contract.

24 **2. Written notice.** A person, firm, partnership, association or corporation that sells
25 or offers to sell a product or service to a consumer pursuant to a contract that has a
26 specified term of 12 months or more and that automatically renews for a specified term of
27 more than one month unless the consumer cancels the contract shall notify the consumer
28 in writing of the automatic renewal. Written notice under this subsection must be
29 provided to the consumer no fewer than 30 days and no more than 60 days before the
30 cancellation deadline pursuant to the automatic renewal clause and must disclose clearly
31 and conspicuously:

32 A. That unless the consumer cancels the contract it will automatically renew; and

33 B. Where the consumer may obtain details regarding the automatic renewal
34 provision and cancellation procedure.

1 **§1500-K. Applicability**

2 **1. Financial institutions.** This chapter does not apply to a bank, trust company,
3 savings and loan association, savings bank or credit union licensed or organized under the
4 laws of any state or the United States or to a foreign bank maintaining a branch or agency
5 licensed or organized under the laws of any state or the United States or any subsidiary or
6 affiliate.

7 **2. Contract changes.** This chapter does not apply to a contract that is extended
8 beyond the original term of the contract as the result of a consumer's initiation of a
9 change in the original contract terms.

10 **Sec. 2. Application.** This Act does not apply to a contract entered into before the
11 effective date of this Act.

12 **SUMMARY**

13 This bill requires any entity who sells or provides services through an automatic
14 renewal contract to disclose to the consumer the automatic renewal clause clearly and
15 conspicuously in the contract, including the cancellation procedure. The bill also requires
16 that written notice be provided to the consumer no fewer than 30 days and no more than
17 60 days before the cancellation deadline pursuant to the automatic renewal clause.