

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1651

(SENATE AUTHORS: CLAUSEN)

DATE	D-PG	OFFICIAL STATUS
03/11/2015		Introduction and first reading Referred to Commerce

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
 1.8 term of or renews a contract if the consumer does not take a specified action, provided
 1.9 the original contract term is for one year or more and the contract automatically renews
 1.10 for more than one month;

1.11 (2) "consumer" means a person who acquires goods or services for personal, family,
 1.12 or 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 automatic renewal at the time that the seller enters
 1.19 into the contract with the consumer; and

1.20 (2) give the consumer written notice of the automatic renewal clause and the
 1.21 procedure for canceling the automatic renewal no less than 30 days and no more than 60
 1.22 days before the last date on which the consumer may cancel the automatic renewal.

1.23 **Subd. 3. Notice of automatic renewal.** (a) Written notice provided under this
 1.24 section must clearly and conspicuously disclose:

2.1 (1) that the contract will automatically renew if the consumer does not cancel the
2.2 automatic renewal;

2.3 (2) the cancellation procedure; and

2.4 (3) the dates during which the consumer may cancel the automatic renewal.

2.5 (b) A seller may opt to send to a consumer written notice under this section by
2.6 mail, certified mail, or personal service, or by including a statement in an invoice as
2.7 provided by paragraph (c).

2.8 (c) Notice included in an invoice must be in red ink or in boldfaced type large
2.9 enough to be easily noticed.

2.10 Subd. 4. **Consumer's right to cancel.** (a) A consumer may cancel the automatic
2.11 renewal of a contract at any time before the beginning of the automatic renewal period, at
2.12 no cost to the consumer, by following the procedure set out in the disclosure and notice
2.13 provided under this section.

2.14 (b) If the seller fails to provide either the disclosure or the written notice required
2.15 by subdivision 2, the consumer may cancel the automatic renewal by any reasonable
2.16 means at any time, at no cost to the consumer.

2.17 Subd. 5. **Right of first refusal.** A contract subject to this section must not require
2.18 that the consumer has to permit the seller to match any offer the consumer has received. A
2.19 provision in a contract that violates this subdivision is void and unenforceable.

2.20 Subd. 6. **Enforcement.** This section may be enforced by the attorney general
2.21 under section 8.31.

2.22 **EFFECTIVE DATE.** This section is effective January 1, 2016, for contracts entered
2.23 into, modified, or renewed on or after that date.