

House Bill 234 (AS PASSED HOUSE AND SENATE)

By: Representatives Smith of the 70th, Ramsey of the 72nd, Lindsey of the 54th, and Epps of the 132nd

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 13 of the Official Code of Georgia Annotated, relating to contracts, so as to
2 enact a new chapter that provides for notice of automatic renewal provisions in service
3 contracts; to provide for notice to a consumer prior to the automatic renewal of a service
4 contract; to provide for definitions; to provide for exemptions; to provide for an effective
5 date and applicability; to provide for related matters; to repeal conflicting laws; and for other
6 purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 SECTION 1.

9 Title 13 of the Official Code of Georgia Annotated, relating to contracts, is amended by
10 adding a new chapter to read as follows:

11 CHAPTER 12

12 13-12-1.

13 As used in this chapter, the term:

14 (1) 'Automatic renewal provision' means a provision under which a service contract is
15 renewed for a specified period of more than one month if the renewal causes the service
16 contract to be in effect more than six months after the day of the initiation of the service
17 contract. Such renewal is effective unless the consumer gives notice to the seller of the
18 consumer's intention to terminate the service contract.

19 (2) 'Consumer' means a natural person or a nonprofit organization exempt from taxation
20 under Section 501(c)(3) of the Internal Revenue Code of 1986 receiving service,
21 maintenance, or repair benefits under a service contract. The term does not include a
22 natural person engaged in business or employed by or otherwise acting on behalf of a
23 governmental entity if the person enters into the service contract as part of or ancillary
24 to the person's business activities or on behalf of the business or governmental entity.

25 (3) 'Seller' means any person, firm, partnership, association, or corporation engaged in
 26 commerce that sells, leases, or offers to sell or lease any service to a consumer pursuant
 27 to a service contract.

28 (4) 'Service contract' means a written contract for the performance of services for a
 29 specified period of time.

30 13-12-2.

31 Any seller that sells, leases, or offers to sell or lease any service to a consumer pursuant to
 32 a service contract that has an automatic renewal provision shall disclose the automatic
 33 renewal provision clearly and conspicuously in the contract or contract offer.

34 13-12-3.

35 Any seller that sells, leases, or offers to sell or lease any service to a consumer pursuant to
 36 a service contract for a specified period of 12 months or more and that automatically
 37 renews for a specified period of more than one month, unless the consumer cancels the
 38 contract, shall provide the consumer with written or electronic notification of the automatic
 39 renewal provision. Notification shall be provided to the consumer no less than 30 days or
 40 no more than 60 days before the cancellation deadline pursuant to the automatic renewal
 41 provision. Such notification shall disclose clearly and conspicuously:

42 (1) That unless the consumer cancels the contract, the contract will automatically renew;
 43 and

44 (2) The methods by which the consumer may obtain details of the automatic renewal
 45 provision and cancellation procedure, including contacting the seller at a specified
 46 telephone number or address, referring to the contract, or any other method.

47 13-12-4.

48 This chapter shall not apply to:

49 (1) A financial institution as provided in Chapter 1 or 2 of Title 7 or any depository
 50 institution as defined in 12 U.S.C. Section 1813(c)(2);

51 (2) A foreign bank maintaining a branch or agency licensed under the laws of any state
 52 of the United States;

53 (3) Any subsidiary or affiliate of an entity provided in paragraph (1) or (2) of this Code
 54 section;

55 (4) Any electric utility as provided in Chapter 3 of Title 46;

56 (5) Any entity regulated pursuant to Chapter 45 of Title 43; or

57 (6) Any county, municipal corporation, authority, or local government or governing
 58 body.

59 13-12-5.

60 A violation of this chapter renders the automatic renewal provision of a contract void and
61 unenforceable."

62 **SECTION 2.**

63 This Act shall become effective on July 1, 2013, and shall apply only to contracts entered
64 into on or after that date.

65 **SECTION 3.**

66 All laws and parts of laws in conflict with this Act are repealed.