HOUSE BILL 103:
Automatic Renewal of Contracts.

2021-2022 General Assembly

Committee:	Senate Commerce and Insurance. If favorable, re-refer to Judiciary. If favorable, re-refer to Rules and Operations of the Senate	**Date:**	June 8, 2021
Introduced by:	Rep. Stevens	**Prepared by:**	Bill Patterson Committee Co-Counsel
Analysis of:	Third Edition		

OVERVIEW: House Bill 103 would amend the disclosure and notice requirements for consumer contracts with an automatic renewal clause and require that a consumer who enters into such a contract online be permitted to cancel the contract online.

CURRENT LAW: G.S. 75-41 requires a person who sells, leases, or offers to sell or lease any goods or services to a consumer under a contract containing an automatic renewal clause to clearly and conspicuously disclose: 1) the automatic renewal clause; 2) any contract terms that will change upon renewal; and 3) how to cancel the contract. If the term of an automatic renewal exceeds 60 days, the consumer must be notified, not sooner than 15 days and not later than 45 days before the date of the automatic renewal, that the contract will automatically renew on that date unless it is canceled before then. A violation of any of these requirements renders the automatic renewal clause void and unenforceable.

BILL ANALYSIS: House Bill 103 would amend G.S. 75-41 to:

- Make it applicable to contracts that are automatically renewed for a term of more than one month.
- Require the consumer to be provided with a disclosure statement clearly and conspicuously providing notice of all of the following:
    - That the contract will be automatically renewed if the consumer agrees to the contract.
    - The length of the initial term of the contract and of each renewal period under the contract.
    - The amount the consumer will be charged initially and for any renewal periods, if known.
    - A list and explanation of any terms that will change upon the contract renewal.
    - Contact information for the consumer to use to terminate the automatic renewal, or another cost-effective, timely, and easy-to-use way to terminate the renewal.
- Require that a consumer who enters into a contract online be permitted to cancel the contract online.
- Require the consumer's affirmative consent before charging the consumer for an automatic renewal.
- Replace the current notice requirement applicable to contracts that automatically renew for a term exceeding 60 days with a requirement that if a contract will automatically renew for a term of 6 months or more, the consumer must be notified, not sooner than 15 days and not later than 60 days before the date of automatic renewal, that the contract will renew on that date unless it is canceled before then.

EFFECTIVE DATE: This act would become effective January 1, 2022 and would apply to contracts entered into on or after that date.

Hillary Woodard, counsel to House Judiciary 2, substantially contributed to this summary.

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