



HOUSE BILL 103: Automatic Renewal of Contracts.

2021-2022 General Assembly

Committee:	House Judiciary 2. If favorable, re-refer to Commerce. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	March 24, 2021
Introduced by:	Rep. Stevens	Prepared by:	Susan Sitze and Hillary Woodard
Analysis of:	PCS to First Edition H103-CSCH-5		Staff Attorneys

OVERVIEW: *The Proposed Committee Substitute (PCS) to House Bill 103 amends the requirements for certain automatically renewing consumer contracts.*

CURRENT LAW: G.S. 75-41 governs automatically renewing consumer contracts and imposes certain disclosure and notice requirements. A violation of any of the requirements renders the automatic renewal clause void and unenforceable.

BILL ANALYSIS: The PCS to House Bill 103 amends the requirements set forth in G.S. 75-41 by doing the following:

- Creating a definition for automatic renewal provision – a provision under which a contract is automatically renewed at the end of a definite term for a second term of more than one month.
- Creating additional requirements for disclosure statements. The disclosure statements must clearly and conspicuously state 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 the length of the term of each renewal period.
 - 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, if applicable.
 - Contact information for the consumer to use to terminate the automatic renewal.
- Requiring the person to obtain the consumer's affirmative consent before charging the consumer for an automatic renewal.
- Modifying notice requirements for any automatic renewal for 6 months or more.
 - The individual must provide the consumer notice of the renewal date at least 15 days but no earlier than 60 days before the contract will be automatically renewed.

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

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