



# FACT SHEET

## WYOMING LEGISLATIVE SERVICE OFFICE

Prepared by Kelley Shepp, Research Analyst  
 April 13, 2017  
 17FS022

### AUTOMATIC RENEWAL CONTRACTS

Automatic renewal contracts generally contain a clause that acts to perpetually renew a contract if notice to terminate is not provided within a specific timeframe from when the contract is executed or after a set timeframe from when the contract has elapsed. These contracts may be used in various industries to maintain continuous contractual relationships among participants until explicit termination is requested, such as a gym membership or for continual property maintenance.

Table 1, below, lists twelve states that currently regulate automatic renewal contracts generally. The table includes a description of each state's statutory provisions governing automatic renewal contracts, whether the state requires consent or notification for such automatic renewal contracts and the penalties for failure to comply with the statutory provisions. Note: The table does not include states that specifically prohibit automatic renewal contracts in certain contracts.<sup>1</sup>

**Table 1. Automatic Renewal Contracts: Statutory Description, Consent or Notification Requirement and Penalties, by State.**

State & Statute	Statutory Description	Consent or Notification Requirement	Penalties
Alaska Alaska Stat.	"[A] seller may not use an opt-out marketing plan to sell goods or services unless the seller complies with all of the provisions of this section." § 45.45.930(a). Opt-out marketing	"Before using an opt-out marketing plan, a seller shall obtain express verifiable consent from the buyer that confirms that the buyer agrees to the use of the plan. The seller shall	Violating the requirements for opt-out marketing plans constitutes an unfair or deceptive act or practice. § 45.50.471(b)(50). "A person who suffers an ascertainable loss of

<sup>1</sup> See, e.g. Connecticut General Stat. Ann. § 16a-23n (heating fuel contracts); Hawaii Rev. Stat. Ann. § 486N-8 (health club contracts); Idaho Code Ann. § 54-2050 (real estate professional contracts); Louisiana Stat. Ann § 45:844.6 (wireless telephone service contracts); Nevada Rev. Stat. Ann. § 598.948 (dance studio contracts); Tenn. Code Ann. § 47-18-505 (buyers' clubs contracts); Wisconsin Stat. Ann. § 100.207 (telecommunication services contracts).

Ann. §45.45.930	plan "means an arrangement under which a seller provides, without the buyer's express verifiable consent, a notice to a buyer that identifies goods or services that the seller intends to provide to the buyer and to charge the buyer for, unless, by a specific date or within a specific time frame, the buyer notifies the seller not to provide the goods or services[.]" § 45.45.930(e)(1)(A).	provide the following information before obtaining the consent: (1) a description of the material terms and conditions of the plan, including a description of the goods or services that will be offered; (2) that the buyer's account will be charged unless the buyer takes an affirmative action to avoid the charge; (3) the date the charge will be submitted for payment; and (4) the specific steps the buyer must take to avoid the charge." § 45.45.930(b).	money or property as a result of another person's act or practice declared unlawful by AS 45.50.471 may bring a civil action to recover for each unlawful act or practice three times the actual damages or \$ 500, whichever is greater. The court may provide other relief it considers necessary and proper." § 45.50.531(a).
California  Cal. Bus. & Prof. Code § 17600 <i>et seq.</i>	"It shall be unlawful for any business making an automatic renewal or continuous service offer to a consumer in this state to do any of the following: (1) Fail to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled . . . (2) Charge the consumer's credit or debit card or the consumer's account with a third party for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement . . . (3) Fail to provide an acknowledgment that includes the automatic renewal or continuous service offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer. . . ." § 17602(a).	See § 17602(a)(2) (cited in the statutory description).	"[A] violation of this article shall not be a crime. However, all available civil remedies that apply to a violation of this article may be employed." § 17604(a).
Florida  Fla. Stat. Ann. §501.165	"Any seller that sells, leases, or offers to sell or lease any service to a consumer pursuant to a service contract that has an automatic renewal provision, unless the consumer cancels that contract, shall disclose the automatic renewal provision clearly and conspicuously in the contract or contract offer." § 501.165(2)(a).	"Any seller that sells or offers to sell any service to a consumer pursuant to a service contract the term of which is a specified period of 12 months or more and that automatically renews for a specified period of more than 1 month, unless the consumer cancels the contract, shall provide the consumer with written or electronic	"A violation of this subsection renders the automatic renewal provision void and unenforceable." § 501.165(2)(e).

		<p>notification of the automatic renewal provision. Notification shall be provided to the consumer no less than 30 days or no more than 60 days before the cancellation deadline pursuant to the automatic renewal provision. Such notification shall disclose clearly and conspicuously: 1. That unless the consumer cancels the contract the contract will automatically renew. 2. Methods by which the consumer may obtain details of the automatic renewal provision and cancellation procedure, whether by contacting the seller at a specified telephone number or address, by referring to the contract, or by any other method." § 501.165(2)(b).</p>	
<p><b>Georgia</b>  Georgia Code Ann. §13-12-1 <i>et seq.</i></p>	<p>"Any seller that sells, leases, or offers to sell or lease any service to a consumer pursuant to a service contract that has an automatic renewal provision shall disclose the automatic renewal provision clearly and conspicuously in the contract or contract offer." § 13-12-2.</p>	<p>"Any seller that sells, leases, or offers to sell or lease any service to a consumer pursuant to a service contract for a specified period of 12 months or more and that automatically renews for a specified period of more than one month, unless the consumer cancels the contract, shall provide the consumer with written or electronic notification of the automatic renewal provision. Notification shall be provided to the consumer no less than 30 days or no more than 60 days before the cancellation deadline pursuant to the automatic renewal provision. Such notification shall disclose clearly and conspicuously: (1) That unless the consumer cancels the contract, the contract will automatically renew; and (2) The methods by which the consumer may obtain details of the automatic renewal provision and cancellation procedure, including contacting the seller at a specified telephone number or address, referring to the contract, or any other</p>	<p>"A violation of this chapter renders the automatic renewal provision of a contract void and unenforceable." § 13-12-5.</p>

		method." § 13-12-3	
<b>Hawaii</b>  Hawaii Rev. Stat. §481-9.5	"Any person who sells or offers to sell any products or services to a consumer pursuant to a consumer contract that has a specified term of more than one month and an automatic renewal clause under which the contract will automatically renew for a specified term of more than one month unless the consumer cancels the contract, shall disclose the automatic renewal clause and the procedure by which the consumer can cancel automatic renewal of the consumer contract clearly and conspicuously in the consumer contract." § 481-9.5(a).	"No person shall charge the consumer's credit or debit card or the consumer's account with a third party for an automatic renewal or a continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms." § 481-9.5(e).	"Any person who knowingly violates this section or who knowingly fails to cancel an automatic renewal contract or a continuous service contract upon consumer request shall be deemed to have engaged in an unfair method of competition and unfair or deceptive act or practice in the conduct of any trade or commerce within the meaning of section 480-2." § 481-9.5(i). "Any person, firm, company, association, or corporation violating any of the provisions of section 480-2 shall be fined a sum of not less than \$500 nor more than \$10,000 for each violation, which sum shall be collected in a civil action brought by the attorney general or the director of the office of consumer protection on behalf of the State. The penalties provided in this section are cumulative to the remedies or penalties available under all other laws of this State. Each day that a violation of section 480-2 occurs shall be a separate violation." § 480-3.1.
<b>Illinois</b>  815 Illinois Stat. Ann. §601/1 <i>et seq.</i>	"If a contract is subject to automatic renewal, the clause providing for automatic renewal must appear in the contract in a clear and conspicuous manner." § 601/10.	See § 601/10 (cited in statutory description).	"If a contract does not comply with this Act, the automatic renewal provisions are not enforceable by a party who prepared the contract or directed its preparation." § 601/20.
<b>Kentucky</b>  Ken. Rev. Stat. §367.570 <i>et seq.</i>	"'Negative option plan' means a contractual plan or arrangement under which a seller periodically sends to subscribers an announcement which identifies merchandise (other than annual supplements to previously acquired merchandise) it proposes to send to subscribers to such plan, and the subscribers thereafter receive and are billed for the merchandise identified in each such announcement, unless by	"In connection with the use of any negative option plan, prior to sending any selection, the seller shall mail to its subscribers[:] (a) An announcement identifying the selection; (b) A form, contained in or accompanying the announcement, clearly and conspicuously disclosing that the subscriber will receive	"In connection with the sale, offering for sale, or distribution of goods and merchandise in 'trade' or 'commerce' . . . it is an unfair, false, misleading and deceptive practice as prohibited by KRS 367.170 for a seller in connection with the use of any negative option plan to fail to comply with the requirements of KRS

	a date or within a time specified by the seller with respect to each such announcement the subscribers, in conformity with the provisions of such plan, instruct the seller not to send the identified merchandise." § 367.570(1).	the selection identified in the announcement unless he instructs the seller that he does not want the selection, designating a procedure by which the form may be used for the purpose of enabling the subscriber so to instruct the seller, and specifying either the return date or the mailing date." § 367.580(2).	367.570 to 367.585." § 367.575(1).
<b>Louisiana</b>  Louisiana Rev. Stat. §9:2716	"Any person, firm, or corporation engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract, when the contract automatically renews unless the consumer cancels the contract, shall disclosure the automatic renewal clause clearly and conspicuously in the contact or contract offer." § 9:2716(A).	See § 9:2716(A) (cited in statutory description).	"Any contract automatically renewed in violation of this section shall revert to a thirty day renewal contract in accordance with the same terms." § 9:2716(E).
<b>North Carolina</b>  North Carolina Stat. § 75-41	"Any person engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract, where the contract automatically renews unless the consumer cancels the contract, shall do all of the following: (1) Disclose the automatic renewal clause clearly and conspicuously in the contract or contract offer. (2) Disclose clearly and conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery of products or services. (3) For any automatic renewal exceeding 60 days, provide written notice to the consumer by personal delivery, electronic mail, or first-class mail, at least 15 days but no earlier than 45 days before the date the contract is to be automatically renewed, stating the date on which the contract is scheduled to automatically renew and notifying the consumer that the contract will	See § 75-41(a) (cited in the statutory description).	"A violation of this section renders the automatic renewal clause void and unenforceable." § 75-41(e).

	automatically renew unless it is cancelled by the consumer prior to that date. . . ." § 75-41(a).		
<b>Oregon</b>  Oregon Rev. Stat. §646A.292 <i>et seq.</i>	"It is unlawful for a person that makes an automatic renewal or continuous service offer to a consumer in this state to do any of the following: (a) Fail to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before a subscription or purchasing agreement is fulfilled. . . . (b) Charge the consumer's credit or debit card or payment account with a third party for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement . . . . (c) Fail to provide an acknowledgment that includes the automatic renewal offer terms or continuous service offer terms and information regarding how to cancel in a manner that is capable of being retained by the consumer. . . ." § 646A.295(1).	See § 646A.295(1) (cited in the statutory description). "'Clear and conspicuous' means in larger type than the surrounding text, or in contrasting type, font or color to the surrounding text of the same size, or set off from the surrounding text of the same size by symbols or other marks, in a manner that clearly calls attention to the language. In the case of an audio disclosure, 'clear and conspicuous' means in a volume and cadence sufficient to be readily audible and understandable." § 646A.293(2).	A violation of the automatic renewal or continuous service offer requirements constitutes an unlawful practice. § 646.608(1)(ttt). "[A] person that suffers an ascertainable loss of money or property, real or personal, as a result of another person's willful use or employment of a method, act or practice declared unlawful under ORS 646.608, may bring an individual action in an appropriate court to recover actual damages or statutory damages of \$200, whichever is greater. The court or the jury may award punitive damages and the court may provide any equitable relief the court considers necessary or proper." § 646.638(1).
<b>Utah</b>  Utah Code Ann. §15-10-201 <i>et seq</i>	"[A] service contract may not contain an automatic renewal provision unless the seller provides the consumer written notice complying with Subsection (2) that informs the consumer of the automatic renewal provision." § 15-10-201(1).	"For a service contract executed on or after July 1, 2011, that exceeds 12 months for a renewal period, a seller shall provide written notice of an automatic renewal provision prominently displayed on the first page of the service contract. . . . In addition . . . a seller shall provide written notice required . . . to the consumer: (i) personally; (ii) by certified mail; or (iii) prominently displayed on the first page of a monthly statement." § 15-10-201(2)(A) & (B).	"[I]f a seller does not comply with Section 15-10-201 with respect to a service contract containing an automatic renewal provision: (a) the automatic renewal provision is void and unconscionable as a matter of public policy; and (b) the service contract shall automatically renew on a month-to-month basis." § 15-10-202(1).
<b>Wisconsin</b>  Wis. Stat. Ann. §134.49	"[I]f a business contract that is entered into, modified, or renewed after the effective date of this subsection . . . provides that the contract will be automatically renewed or extended for an additional period unless the customer declines renewal or extension, and the duration of the	"If a business contract that has an initial term of more than one year provides that the contract will be automatically renewed or extended for an additional term of more than one year, unless the customer declines renewal or extension, and the deadline for the	If a seller fails to comply . . . , an automatic renewal or extension provision in the contract is not enforceable, and the contract terminates at the end of the current contract term." § 134.49(2)(c). A customer "may bring an action or counterclaim for damages against a



	<p>additional period is more than one month, the seller shall do one of the following:</p> <ol style="list-style-type: none"> <li>1. At the time the customer enters into the contract, present to the customer a copy of a form including the disclosures required under par. (b) and obtain the customer's signature on the form.</li> <li>2. Include the disclosures required under par. (b) in the contract in a conspicuous manner and obtain the customer's initials on the contract on a page on which a disclosure appears." § 134.49(2)(a).</li> </ol>	<p>customer to decline renewal or extension of the contract is more than 60 days after the effective date of this subsection . . . , the provision is not enforceable against the customer and the contract will terminate at the end of the current contract term unless the seller provides to the customer, at least 15 days but not more than 60 days before the deadline for the customer to decline renewal or extension, a written notice containing all of the following: (a) A statement that the contract will be renewed or extended unless the customer declines renewal or extension. (b) The deadline for the customer to decline renewal or extension. (c) A description of any increase in charges to the customer that will apply after renewal or extension. (d) A description of action that the customer must take to decline extension or renewal." § 134.49(3).</p>	<p>seller" and may be entitled to "[a]n amount that equals twice the amount of the damages incurred by the customer. [or ] An amount that equals twice the amount of the periodic payment specified in the contract or \$ 1,000, whichever is less." § 134.49(6)(a) &amp; (b).</p>
--	---	---	--

**Source:** Legislative Service Office summary of information provided by the National Conference of State Legislatures.

If you need anything further, please contact LSO Research at 777-7881.