

1 **PROHIBITION OF AUTOMATIC RENEWAL OF**
2 **SERVICE CONTRACTS**

3 2003 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Michael G. Waddoups**

6 **This act modifies the title dealing with Contracts and Obligations in General by enacting**
7 **provisions that prohibit the automatic renewal of service contracts unless the seller**
8 **notifies the consumer of the automatic renewal.**

9 This act affects sections of Utah Code Annotated 1953 as follows:

10 ENACTS:

11 **15-10-101**, Utah Code Annotated 1953

12 **15-10-102**, Utah Code Annotated 1953

13 **15-10-201**, Utah Code Annotated 1953

14 **15-10-202**, Utah Code Annotated 1953

15 *Be it enacted by the Legislature of the state of Utah:*

16 Section 1. Section **15-10-101** is enacted to read:

17 **CHAPTER 10. SERVICE CONTRACTS ACT**

18 **Part 1. General Provisions**

19 **15-10-101. Title.**

20 This chapter is known as the "Service Contracts Act."

21 Section 2. Section **15-10-102** is enacted to read:

22 **15-10-102. Definitions.**

23 As used in this chapter:

24 (1) "Automatic renewal provision" means a provision under which a service contract is
25 renewed for a specified period if:

26 (a) the renewal causes the service contract to be in effect more than one year after the
27 day of the initiation of the service contract; and



28 (b) the renewal is effective unless the consumer gives notice to the seller of the
29 consumer's intention to terminate the service contract.

30 (2) "Consumer" means a person receiving service, maintenance, or repair under a
31 service contract.

32 (3) "Seller" means a person providing service, maintenance, or repair under a service
33 contract.

34 (4) "Service contract" means any contract for service, maintenance, or repair in
35 connection with any real or personal property.

36 Section 3. Section 15-10-201 is enacted to read:

37 **Part 2. Restrictions on Automatic Renewal Provisions**

38 **15-10-201. Notice requirement.**

39 (1) A service contract may not contain an automatic renewal provision unless the seller
40 provides the consumer written notice complying with Subsection (2) that informs the consumer
41 of the automatic renewal provision.

42 (2) The seller shall provide the written notice required under Subsection (1) to the
43 consumer personally or by certified mail:

44 (a) at least 30 calendar days prior to the last day on which the consumer may give
45 notice of the consumer's intention to terminate the contract; and

46 (b) not more than 60 calendar days prior to the last day on which the consumer may
47 give notice of the consumer's intention to terminate the contract.

48 Section 4. Section 15-10-202 is enacted to read:

49 **15-10-202. Remedy for violation.**

50 A service contract is void if the seller does not comply with Section 15-10-201 with
51 respect to the service contract.

Legislative Review Note
as of 11-21-02 10:41 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0086

Prohibition of Automatic Renewal of Service Contracts

03-Jan-03

3:04 PM

State Impact

No fiscal impact.

Individual and Business Impact

There may be some savings to consumers who did not intend to renew and some increased costs to businesses and consumers who intended to renew their service contracts.

Office of the Legislative Fiscal Analyst