

SERVICE CONTRACTS ACT AMENDMENTS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael G. Waddoups

House Sponsor: James A. Dunnigan

LONG TITLE

General Description:

This bill amends the Service Contracts Act.

Highlighted Provisions:

This bill:

- ▶ amends the definition of "consumer" under the act;
- ▶ clarifies the time period during which notice may be provided by a seller; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

15-10-102, as enacted by Chapter 46, Laws of Utah 2003

15-10-201, as enacted by Chapter 46, Laws of Utah 2003

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

Section 1. Section **15-10-102** is amended to read:

15-10-102. Definitions.

As used in this chapter:



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

30 (a) the renewal causes the service contract to be in effect more than six months after
31 the day of the initiation of the service contract; and

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

34 (2) (a) [~~"Consumer"~~] Except as provided in Subsection (2)(c), "consumer" means a
35 person receiving service, maintenance, or repair under a service contract.

36 (b) "Consumer" includes a representative of an association subject to:

37 (i) Title 57, Chapter 8, Condominium Ownership Act; or

38 (ii) Title 57, Chapter 8a, Community Association Act.

39 (c) "Consumer" does not include a person engaged in business for profit if the person
40 enters into the service contract as part of the person's business activities.

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

43 (4) (a) "Service contract" means any contract for service, maintenance, or repair:

44 (i) in connection with any real property; or

45 (ii) that provides a benefit to any real property.

46 (b) "Service contract" does not include a contract affecting any right, title, estate, or
47 interest in real property, including:

48 (i) a fee title interest;

49 (ii) a leasehold interest;

50 (iii) an option contract relating to real property;

51 (iv) a real estate purchase contract;

52 (v) an easement; or

53 (vi) any other real property interest governed by Title 57, Real Estate.

54 Section 2. Section **15-10-201** is amended to read:

55 **15-10-201. Notice requirement.**

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

59 (2) (a) The seller shall provide the written notice required under Subsection (1) to the
60 consumer;

61 (i) personally[;];

62 (ii) by certified mail[;]; or

63 (iii) prominently displayed on the first page of a monthly statement[;].

64 (b) (i) The seller shall provide the written notice required under Subsection (1):

65 [~~(a) at least~~] (A) no later than 30 calendar days [~~prior to~~] before the last day on which
66 the consumer may give notice of the consumer's intention to terminate the contract; and

67 [~~(b) not more~~] (B) no sooner than 90 calendar days [~~prior to~~] before the last day on
68 which the consumer may give notice of the consumer's intention to terminate the contract[;

69 and].

70 (ii) The seller may not provide the written notice required under Subsection (1) except
71 during the time period described in Subsection (2)(b)(i).

72 (c) The written notice required under Subsection (1) shall be:

73 [~~(e)~~] (i) written in clear and understandable language; and

74 (ii) printed in an easy-to-read type size and style.

Legislative Review Note
as of 1-27-06 12:12 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0191

Service Contracts Act Amendments

06-Feb-06

1:56 PM

State Impact

No fiscal impact.

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst