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By: **Delegates Gilleland, Frush, and Moe**  
Introduced and read first time: February 10, 2005  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Automatic Contract Renewal - Notice**

3 FOR the purpose of prohibiting a merchant from including a provision for automatic  
4 renewal in a contract for consumer services without certain notification;  
5 providing for the contents of a certain notice; authorizing a consumer to refuse  
6 to renew a certain contract in a certain manner; making automatic renewal of a  
7 certain contract voidable by the consumer in a certain manner; providing that  
8 certain penalties are void and unenforceable under certain circumstances;  
9 making a violation of this Act an unfair or deceptive trade practice under the  
10 Maryland Consumer Protection Act; providing for the application of this Act;  
11 and generally relating to consumers and automatic contract renewal.

12 BY repealing and reenacting, without amendments,  
13 Article - Commercial Law  
14 Section 13-301(14)(i)  
15 Annotated Code of Maryland  
16 (2000 Replacement Volume and 2004 Supplement)

17 BY adding to  
18 Article - Commercial Law  
19 Section 13-319  
20 Annotated Code of Maryland  
21 (2002 Replacement Volume and 2004 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article - Commercial Law**

25 13-301.

26 Unfair or deceptive trade practices include any:

27 (14) Violation of a provision of:

1 (i) This title;

2 13-319.

3 (A) EXCEPT AS OTHERWISE PROVIDED BY THIS SECTION OR OTHER LAW, A  
4 MERCHANT MAY NOT INCLUDE A PROVISION FOR AUTOMATIC CONTRACT RENEWAL  
5 IN A CONTRACT WITH A CONSUMER FOR CONSUMER SERVICES.

6 (B) (1) A CONTRACT FOR CONSUMER SERVICES BETWEEN A MERCHANT  
7 AND A CONSUMER MAY ONLY CONTAIN A PROVISION FOR AUTOMATIC RENEWAL IF  
8 THE MERCHANT NOTIFIES THE CONSUMER OF THE AUTOMATIC RENEWAL IN  
9 ACCORDANCE WITH THIS SECTION.

10 (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION  
11 SHALL:

12 (I) BE IN WRITING, IN AT LEAST 10 POINT TYPE, IN IMMEDIATE  
13 PROXIMITY TO THE SPACE RESERVED FOR THE SIGNATURE OF THE CONSUMER; AND

14 (II) INCLUDE:

15 1. THE RENEWAL DATE;

16 2. THE RENEWAL PERIOD;

17 3. ANY APPLICABLE PRICE OR FORMULA FOR CALCULATING  
18 AN ADJUSTMENT IN THE PRICE OF THE CONSUMER SERVICES; AND

19 4. THE MEANS BY WHICH THE CONSUMER MAY NOTIFY THE  
20 MERCHANT THAT THE CONSUMER ELECTS NOT TO RENEW THE CONTRACT.

21 (3) THE MERCHANT:

22 (I) SHALL INCLUDE THE NOTICE REQUIRED UNDER PARAGRAPH  
23 (1) OF THIS SECTION IN THE CONTRACT; AND

24 (II) MAY PROVIDE ADDITIONAL NOTICE TO THE CONSUMER AT  
25 LEAST 30 DAYS BEFORE ANY AUTOMATIC RENEWAL MAY TAKE EFFECT.

26 (C) A CONSUMER SHALL HAVE THE RIGHT TO REFUSE TO RENEW A CONTRACT  
27 FOR CONSUMER SERVICES BETWEEN A MERCHANT AND THE CONSUMER THAT  
28 CONTAINS A PROVISION FOR AUTOMATIC CONTRACT RENEWAL BY PROVIDING  
29 NOTICE TO THE MERCHANT BEFORE THE AUTOMATIC RENEWAL OCCURS.

30 (D) AUTOMATIC RENEWAL OF A CONTRACT FOR CONSUMER SERVICES IN  
31 VIOLATION OF THIS SECTION MAY BE VOIDED BY THE CONSUMER AT THE  
32 CONSUMER'S OPTION.

33 (E) IN ANY CONTRACT THAT IS AUTOMATICALLY RENEWED IN VIOLATION OF  
34 THIS SECTION, ANY PENALTY FOR EARLY CANCELLATION OF THE CONTRACT AFTER

1 THE INITIAL TERM OF THE CONTRACT IS VOID AND UNENFORCEABLE AGAINST THE  
2 CONSUMER.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
4 construed to apply only prospectively and may not be applied or interpreted to have  
5 any effect on or application to any renewal of a consumer contract occurring before  
6 the effective date of this Act.

7 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 2005.