

HOUSE BILL 1372

I3

8lr1825

By: **Delegate Waldstreicher**

Introduced and read first time: February 9, 2018

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Consumer Contracts Renewal – Restrictions**

3 FOR the purpose of prohibiting a consumer contract from containing a certain renewal
4 term, except under certain circumstances; requiring a certain person who sells or
5 leases or offers to sell or lease any consumer goods, consumer realty, or consumer
6 services to disclose certain information regarding contract renewal in a certain
7 manner; requiring a certain person who sells or leases or offers to sell or lease any
8 consumer goods, consumer realty, or consumer services to provide a certain written
9 notice regarding contract renewal within a certain period of time; requiring a certain
10 written notice to disclose certain information in a certain manner; prohibiting a
11 person from charging a certain fee or penalty or requiring a certain payment under
12 certain circumstances; providing that any certain consumer goods or consumer
13 services are deemed an unconditional gift to a consumer under certain
14 circumstances; making a violation of this Act an unfair or deceptive trade practice
15 under the Maryland Consumer Protection Act and subject to certain enforcement
16 and penalty provisions; defining certain terms; and generally relating to the renewal
17 of consumer contracts for consumer goods, consumer realty, and consumer services.

18 BY adding to

19 Article – Commercial Law

20 Section 14–1326

21 Annotated Code of Maryland

22 (2013 Replacement Volume and 2017 Supplement)

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

25 **Article – Commercial Law**

26 **14–1326.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(D) (1) THIS SUBSECTION APPLIES TO ANY PERSON THAT SELLS OR**
2 **LEASES OR OFFERS TO SELL OR LEASE ANY CONSUMER GOODS, CONSUMER REALTY,**
3 **OR CONSUMER SERVICES TO A CONSUMER UNDER A CONSUMER CONTRACT THAT:**

4 **(I) HAS AN INITIAL CONTRACT TERM OF AT LEAST 12 MONTHS;**
5 **AND**

6 **(II) AUTOMATICALLY RENEWS FOR A TERM THAT EXCEEDS 1**
7 **MONTH UNLESS THE CONSUMER CANCELS THE CONTRACT.**

8 **(2) A PERSON SHALL PROVIDE WRITTEN NOTICE TO A CONSUMER OF**
9 **THE AUTOMATIC RENEWAL OF A CONTRACT NOT LESS THAN 30 DAYS AND NOT MORE**
10 **THAN 60 DAYS BEFORE THE CONSUMER MUST CANCEL THE CONTRACT TO PREVENT**
11 **CONTRACT RENEWAL.**

12 **(3) THE REQUIRED NOTICE UNDER PARAGRAPH (2) OF THIS**
13 **SUBSECTION SHALL DISCLOSE CLEARLY AND CONSPICUOUSLY:**

14 **(I) THAT THE CONSUMER CONTRACT WILL AUTOMATICALLY**
15 **RENEW UNLESS THE CONSUMER CANCELS THE CONTRACT;**

16 **(II) THE DATE BY WHICH THE CONSUMER MUST CANCEL THE**
17 **CONSUMER CONTRACT TO PREVENT THE CONTRACT FROM RENEWING; AND**

18 **(III) DETAILED PROCEDURES FOR CANCELING THE CONTRACT,**
19 **INCLUDING A TOLL-FREE TELEPHONE NUMBER, MAILING ADDRESS, OR WEBSITE**
20 **ADDRESS THAT THE CONSUMER MAY USE TO CANCEL THE CONTRACT.**

21 **(E) A PERSON MAY NOT CHARGE ANY FEE OR PENALTY TO A CONSUMER OR**
22 **REQUIRE ANY OTHER PAYMENT FROM A CONSUMER TO CANCEL A CONSUMER**
23 **CONTRACT UNDER THIS SECTION UNLESS:**

24 **(1) THE PERSON HAS COMPLIED WITH THE PROVISIONS OF THIS**
25 **SECTION; AND**

26 **(2) THE CONSUMER HAS FAILED TO CANCEL THE CONSUMER**
27 **CONTRACT WITHIN 60 DAYS AFTER THE CANCELLATION DEADLINE.**

28 **(F) ANY CONSUMER GOODS OR CONSUMER SERVICES SHALL BE DEEMED AN**
29 **UNCONDITIONAL GIFT TO A CONSUMER IF:**

30 **(1) A PERSON PROVIDES THE CONSUMER GOODS OR CONSUMER**

1 SERVICES TO A CONSUMER UNDER A CONSUMER CONTRACT; AND

2 (2) THE PERSON HAS FAILED TO COMPLY WITH THE PROVISIONS OF
3 THIS SECTION.

4 (G) A VIOLATION OF THIS SECTION IS:

5 (1) AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE
6 MEANING OF TITLE 13 OF THIS ARTICLE; AND

7 (2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS
8 CONTAINED IN TITLE 13 OF THIS ARTICLE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2018.