H.B. NO. 663

A BILL FOR AN ACT

RELATING TO CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Chapter 490, Hawaii Revised Statutes, is 1 amended by adding a new section to article 2, part 3 to be 2 3 appropriately designated and to read as follows: 4 "§490:2- Automatic renewal clauses. (a) Any person, 5 firm, or corporation engaged in commerce that sells, leases, or offers to sell or lease any products or services to a consumer 6 7 pursuant to a contract, when the contract automatically renews unless the consumer cancels the contract, shall disclose the 8 automatic renewal clause and how to cancel the contract clearly 9 and conspicuously in the initial contract or contract offer. 10 (b) A person, firm, or corporation that fails to comply 11 with the requirements of this section shall be in violation of 12 this section unless the person, firm, or corporation 13 14 demonstrates that: 15 (1) It has established and implemented written procedures 16 to comply with this section and enforces compliance 17 with the procedures; and



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1	(2)	Any failure to comply with this section is the result
2		of an error and that when an error has caused the
3		failure to comply with this section, as a matter of
4		routine business practice, it provides a full refund
5		or credit for all amounts billed to or paid by the
6		consumer from the date of the renewal until the date
7		of the termination of the contract, or the date of the
8		subsequent notice of renewal, whichever occurs
9		earlier.
10	(c)	This section shall not apply to the following:
11	(1)	Banks, trust companies, savings and loan associations,
11 12	(1)	Banks, trust companies, savings and loan associations, savings banks, credit unions, finance or credit
	(1)	
12	(1)	savings banks, credit unions, finance or credit
12 13	<u>(1)</u>	savings banks, credit unions, finance or credit companies, industrial loan companies, or any other
12 13 14	<u>(1)</u>	savings banks, credit unions, finance or credit companies, industrial loan companies, or any other financial institution licensed or organized under the
12 13 14 15	<u>(1)</u>	<pre>savings banks, credit unions, finance or credit companies, industrial loan companies, or any other financial institution licensed or organized under the laws of any state or the United States, or any foreign</pre>
12 13 14 15 16	<u>(1)</u>	<pre>savings banks, credit unions, finance or credit companies, industrial loan companies, or any other financial institution licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the</pre>
12 13 14 15 16 17	<u>(1)</u> (2)	<pre>savings banks, credit unions, finance or credit companies, industrial loan companies, or any other financial institution licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or</pre>
12 13 14 15 16 17 18		<pre>savings banks, credit unions, finance or credit companies, industrial loan companies, or any other financial institution licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or affiliate thereof;</pre>



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1	(3) A contract that allows for cancellation by the
2	consumer by written notice within thirty days after
3	the initial period has expired.
4	(d) Any contract automatically renewed in violation of
5	this section shall revert to a thirty-day renewal contract in
6	accordance with the same terms."
7	SECTION 2. This Act does not affect rights and duties that
8	matured, penalties that were incurred, and proceedings that were
9	begun before its effective date.
10	SECTION 3. New statutory material is underscored.
11	SECTION 4. This Act shall take effect upon its approval.
[2	INTRODUCED BY: C. LA ELMA

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Report Title: Contracts; Automatic Renewal Clauses

Description:

Requires clear and conspicuous language disclosing any automatic renewal clauses and language explaining how to cancel the contract in all commercial contracts and offers where the contract automatically renews.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

