

The Senate Committee on Regulated Industries and Utilities offered the following substitute to SB 127:

MOOT

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 13 of the Official Code of Georgia Annotated, relating to contracts, so as to
2 make certain disclosure and notification requirements concerning automatic renewal
3 provisions applicable to service contracts with small businesses; to revise and provide for
4 definitions; to provide for related matters; to provide for an effective date and applicability;
5 to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Title 13 of the Official Code of Georgia Annotated, relating to contracts, is amended by
9 revising Chapter 12, relating to automatic renewal provisions, as follows:

10 "CHAPTER 12

11 13-12-1.

12 As used in this chapter, the term:

13 (1) 'Automatic renewal provision' means a provision under which a service contract is
14 renewed for a specified period of more than one month if the renewal causes the service

15 contract to be in effect more than six months after the day of the initiation of the service
16 contract. Such renewal is effective unless the consumer or small business gives notice
17 to the seller of the consumer's or small business's intention to terminate the service
18 contract.

19 (2) 'Consumer' means a natural person or a nonprofit organization exempt from taxation
20 under Section 501(c)(3) of the Internal Revenue Code of 1986 receiving service,
21 maintenance, or repair benefits under a service contract. The term does not include a
22 natural person engaged in business or employed by or otherwise acting on behalf of a
23 governmental entity if the person enters into the service contract as part of or ancillary
24 to the person's business activities or on behalf of the business or governmental entity.

25 (3) 'Seller' means any person, firm, partnership, association, or corporation engaged in
26 commerce that sells, leases, or offers to sell or lease any service to a consumer or small
27 business pursuant to a service contract.

28 (4) 'Service contract' means a written contract for the performance of services for a
29 specified period of time.

30 (5) 'Small business' means a business that is independently owned and operated, is not
31 dominant in its field of operation, and employs fewer than 200 employees.

32 13-12-2.

33 Any seller that sells, leases, or offers to sell or lease any service to a consumer or small
34 business pursuant to a service contract that has an automatic renewal provision shall
35 disclose the automatic renewal provision clearly and conspicuously in the contract or
36 contract offer.

37 13-12-3.

38 (a) Any seller that sells, leases, or offers to sell or lease any service to a consumer or small
39 business pursuant to a service contract for a specified period of 12 months or more and that

40 automatically renews for a specified period of more than one month, unless the consumer
41 or small business cancels the contract, shall provide the consumer or small business with
42 written or electronic notification of the automatic renewal provision. Notification shall be
43 provided to the consumer or small business no less than 30 days or no more than 60 days
44 before the cancellation deadline pursuant to the automatic renewal provision. Such
45 notification shall disclose clearly and conspicuously:

46 (1) That unless the consumer or small business cancels the contract, the contract will
47 automatically renew; and

48 (2) The methods by which the consumer or small business may obtain details of the
49 automatic renewal provision and cancellation procedure, including contacting the seller
50 at a specified telephone number or address, referring to the contract, or any other method.

51 (b) For any contract for service to a consumer or small business that automatically renews
52 for a specified period of more than 24 months, the seller shall, in addition to providing the
53 notification required under subsection (a) of this Code section, obtain the following for the
54 automatic renewal provision of such contract to be enforceable:

55 (1) Written or electronic acknowledgment from the consumer or small business of
56 receipt of the notification required under subsection (a) of this Code section; and

57 (2) An affirmative written or electronic response that the consumer or small business
58 does not intend to terminate the service contract.

59 13-12-4.

60 This chapter shall not apply to:

61 (1) A financial institution as provided in Chapter 1 or 2 of Title 7 or any depository
62 institution as defined in 12 U.S.C. Section 1813(c)(2);

63 (2) A foreign bank maintaining a branch or agency licensed under the laws of any state
64 of the United States;

65 (3) Any subsidiary or affiliate of an entity provided in paragraph (1) or (2) of this Code
66 section;

67 (4) Any electric utility as provided in Chapter 3 of Title 46;

68 (5) Any entity regulated pursuant to Chapter 45 of Title 43; ~~or~~

69 (6) Any county, municipal corporation, authority, or local government or governing
70 body; ~~or~~

71 (7) Any service contract between a seller and a small business wherein the small
72 business is required to pay more than \$200.00 in consideration on a monthly basis for the
73 services to be provided thereunder or the equivalent thereof for any other installment
74 period provided in such service contract.

75 13-12-5.

76 A violation of this chapter renders the automatic renewal provision of a contract void and
77 unenforceable."

78 **SECTION 2.**

79 This Act shall become effective on July 1, 2026, and shall apply to service contracts entered
80 into on or after such date.

81 **SECTION 3.**

82 All laws and parts of laws in conflict with this Act are repealed.