

The House Committee on Agriculture and Consumer Affairs offers the following substitute to HB 529:

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 provide consumers with the option of having service contracts that contain automatic renewal
3 provisions terminate after their specified period rather than being subject to the automatic
4 renewal provision; to provide requirements relating to the exercise of such option; to revise
5 the application of notice and disclosure requirements relating to automatic renewals in
6 service contracts; to revise exceptions; to amend Title 10 of the Official Code of Georgia
7 Annotated, relating to commerce and trade, so as to revise the application of requirements
8 relating to online automatic renewals and continuous service offers; to provide for
9 construction; to provide for definitions; to provide for related matters; to provide for an
10 effective date and applicability; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **PART I**
13 **SECTION 1-1.**

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

H. B. 529 (SUB)

16

"CHAPTER 12

17 13-12-1.

18 As used in this chapter, the term:

19 (1) 'Automatic renewal provision' means a provision under which a service contract is
 20 renewed for a specified period of one month or more ~~than one month if the renewal~~
 21 ~~causes the service contract to be in effect more than six months after the day of the~~
 22 ~~initiation of the service contract. Such renewal is effective unless the consumer gives~~
 23 ~~notice to the seller of the consumer's intention to terminate the service contract.~~

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

30 (3) 'Seller' means any person, firm, partnership, association, or corporation engaged in
 31 commerce that sells, leases, or offers to sell or lease any service to a consumer pursuant
 32 to a service contract.

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

35 13-12-2.

36 ~~(a) No Any seller that sells, leases, or offers to sell or lease any service to a consumer~~
 37 ~~pursuant to shall enter into~~ a service contract with a consumer that has an automatic
 38 renewal provision unless such seller first:

39 (1) Discloses ~~shall disclose~~ the automatic renewal provision clearly and conspicuously
 40 in the contract or contract offer; and

41 (2) Gives such consumer the option of having the service contract terminate after its
42 specified period rather than being subject to the automatic renewal provision.

43 (b) Any option to have a service contract terminate after its specified period rather than
44 being subject to an automatic renewal provision given by a seller pursuant to paragraph (2)
45 of subsection (a) of this Code section that is exercised by a consumer shall, at the seller's
46 sole cost and expense, be incorporated into the service contract or otherwise memorialized
47 in a writing that is signed by both the seller and consumer and shall render any automatic
48 renewal provision in the service contract void and unenforceable.

49 13-12-3.

50 (a) Any seller that sells, leases, or offers to sell or lease any service to a consumer pursuant
51 to a service contract ~~for a specified period of 12 months or more and that automatically~~
52 ~~renews for a specified period of one month or more than one month,~~ unless the consumer
53 cancels the contract, shall provide the consumer with written or electronic notification of
54 the automatic renewal provision. Notification shall be provided to the consumer no less
55 than 30 days or no more than 60 days before the cancellation deadline pursuant to the
56 automatic renewal provision. Such notification shall disclose clearly and conspicuously:

57 (1) That unless the consumer cancels the contract, the contract will automatically renew;
58 and

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

62 (b) For any contract for service to a consumer that either (1) automatically renews for a
63 specified period of one month or more and also includes, as part of such renewal, an
64 increase in any charge, fee, or other sum payable by the consumer for such service or (2)
65 automatically renews for a specified period of 12 months or more than 24 months, the
66 seller shall, in addition to providing the notification required under subsection (a) of this

67 Code section, obtain the following for the automatic renewal provision of such contract to
68 be enforceable:

69 (1) Written or electronic acknowledgment from the consumer of receipt of the
70 notification required under subsection (a) of this Code section; and

71 (2) An affirmative written or electronic response that the consumer does not intend to
72 terminate the service contract.

73 13-12-4.

74 This chapter shall not apply to:

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

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

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

81 (4) Any ~~electric utility as provided in Chapter 3 of Title 46~~ entity regulated by the Public
82 Service Commission, the Department of Agriculture, the Office of Insurance and Safety
83 Fire Commissioner, the Federal Communications Commission, or the Federal Energy
84 Regulatory Commission;

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

86 (6) Any entity doing business as a franchise issued by a political subdivision of the state;

87 or

88 ~~(7)~~ Any county, municipal corporation, authority, or local government or governing
89 body.

90 13-12-5.

91 A violation of any provision of this chapter renders the shall render any automatic renewal
92 provision of in a service contract void and unenforceable."

93

PART II

94

SECTION 2-1.

95 Title 10 of the Official Code of Georgia Annotated, relating to commerce and trade, is
96 amended by revising Part 8 of Article 15 of Chapter 1, the "Georgia Online Automatic
97 Renewal Transparency Act," as follows:

98

"Part 8

99 10-1-439.5.

100 This part shall be known and may be cited as the 'Georgia Online Automatic Renewal
101 Transparency Act.'

102 10-1-439.6.

103 (a) The purpose of this part shall be to stop the practice of creating unnecessary barriers
104 for customers who wish to cancel automatic renewal or continuous service subscriptions
105 online, particularly when such subscriptions are offered online. It is the intent of the
106 General Assembly that such practice be swiftly stopped, and this part shall be liberally
107 construed and applied to promote its underlying purposes and policies.

108 (b) It is the further intent of the General Assembly that this part be interpreted and
109 construed consistently with interpretations given by the Federal Trade Commission in the
110 federal courts pursuant to Section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C.
111 Section 45(a)(1)), as from time to time amended.

112 10-1-439.7.

113 As used in this part, the term:

114 (1) 'Automatic renewal' means a plan or arrangement in which an online paid
115 subscription or purchasing agreement is automatically renewed at the end of a definite
116 term of one month or more ~~than 31 days~~ for a subsequent definite term of one month or
117 ~~more than 31 days~~.

118 (2) 'Consumer' means a natural person residing in this state who enters into a transaction
119 primarily for personal, family, or household purposes.

120 (3) 'Continuous service' means a plan or arrangement for a paid definite term of one
121 month or more ~~than 31 days~~ renewing for a subsequent definite term of one month or
122 ~~more than 31 days~~ in which an online subscription or purchasing agreement continues
123 until the consumer cancels such service.

124 (4) 'Offer terms' means the following clear and conspicuous disclosures to the consumer:

125 (A) The description of the cancellation policy as applicable to the automatic renewal
126 offer or arrangement;

127 (B) The recurring charges to be charged to the consumer's credit or debit card or
128 payment account with a third-party ~~payment account~~ as part of the online automatic
129 renewal plan or arrangement, and that the amount of such charge may change, and the
130 amount to which such charge will change, if known;

131 (C) The length of the automatic renewal term or an indication that the service is
132 continuous, unless the length of the term is chosen by the consumer; and

133 (D) The minimum purchase obligation, if any.

134 10-1-439.8.

135 (a) Notwithstanding any law to the contrary, any business that allows a consumer to accept
136 an automatic renewal or continuous service offer online shall allow a consumer to cancel

137 the automatic renewal or continuous service online. The business shall provide a method
138 of cancellation that is available online, which ~~may~~ shall include:

139 (1) A clear and conspicuous link to a public website or other online cancellation service;
140 ~~or~~ and

141 (2) A cancellation email formatted and provided by the business that a consumer can
142 send to the business without additional information.

143 (b) Notwithstanding subsection (a) of this Code section, a business that allows a consumer
144 to accept an automatic renewal or continuous service offer online may require a consumer
145 to enter account information or otherwise authenticate their account online before online
146 cancellation of the automatic renewal or continuous service if the consumer has an account
147 with the business. A consumer who is unwilling or unable to enter account information or
148 otherwise authenticate online before online cancellation of the automatic renewal or
149 continuous service shall not be precluded from cancelling the automatic renewal or
150 continuous service offline using an alternate method pursuant to subsection (c) of this Code
151 section.

152 (c) A business that allows a consumer to accept an automatic renewal or continuous
153 service offer online shall provide a toll-free telephone number, email address, postal
154 address if the seller directly bills the consumer, or another cost-effective, timely, and
155 easy-to-use mechanism for cancellation that shall be described in an acknowledgment that
156 includes the automatic renewal offer terms or continuous service offer terms, cancellation
157 policy, and information regarding how to cancel.

158 (d) The requirements of this Code section apply to the automatic renewal terms and
159 continuous service terms of the contract entered into online, and the remaining provisions
160 of the contract shall continue to be governed by all applicable laws and regulations.

161 10-1-439.9.

162 (a) It shall be unlawful in this state for any business that allows a consumer to accept an
163 automatic renewal or continuous service offer online to:

164 (1) Fail to present the automatic renewal offer terms or continuous service offer terms
165 in a clear and conspicuous manner before the subscription or purchasing agreement is
166 fulfilled and in visual proximity, or in the case of an offer conveyed by voice, in temporal
167 proximity, to the request for consumer consent to the offer;

168 (2) Charge the consumer's credit or debit card, or the consumer's third-party payment
169 account for an automatic renewal or continuous service without first obtaining the
170 consumer's consent to the agreement containing such automatic renewal offer terms or
171 continuous service offer terms;

172 (3) Fail to provide an acknowledgment that includes the automatic renewal offer terms
173 or continuous service offer terms. Such acknowledgment may be from the business's own
174 public website or it may be provided via a link to a separate resource that provides
175 instructions for unique platforms and services or other means that provide such offer
176 terms in a manner easily retained by the consumer; or

177 (4) Fail to provide a consumer with notice pursuant to subsection (b) of this Code
178 section.

179 (b) A business that allows a consumer to accept an automatic renewal or continuous
180 service offer online shall provide the consumer with a notice prior to or within three days
181 after charging the consumer's credit or debit card or payment account with a third party,
182 provided that the consumer has not opted out of receiving such notice. Such notice shall
183 clearly and conspicuously state:

184 (1) That the automatic renewal or continuous service shall automatically renew unless
185 it is canceled by the consumer;

186 (2) The length and any additional terms of the renewal period;

187 (3) If sent electronically, the notice shall include either a link or another reasonably
188 accessible electronic method that directs the consumer to the cancellation process; and

189 (4) Contact information for the business.

190 (c) In the case of a material change in the terms of the online automatic renewal offer or
191 continuous service offer that has been accepted by a consumer in this state, a business shall
192 provide the consumer with a clear and conspicuous notice of the material change and shall
193 provide information to the consumer regarding how to cancel such automatic renewal offer
194 or continuous service offer in a manner that is easily retained by the consumer.

195 10-1-439.10.

196 When a business that allows a consumer to accept an automatic renewal or continuous
197 service offer online sends any goods, wares, merchandise, or products to a consumer under
198 an automatic renewal of purchase or a continuous service agreement, without first
199 obtaining the consumer's consent pursuant to paragraph (2) of subsection (a) of Code
200 Section 10-1-439.9, such goods, wares, merchandise, or products shall for all purposes be
201 deemed an unconditional gift to the consumer, who may use or dispose of such goods,
202 wares, merchandise, and products in any manner he or she sees fit without obligation to the
203 business, including, but not limited to, bearing the cost of or responsibility for shipping any
204 goods, wares, merchandise, or products to the business.

205 10-1-439.11.

206 The requirements of this part shall apply only prior to the completion of the initial order
207 for the online automatic renewal or continuous service; provided, however, that an
208 acknowledgment that includes the automatic renewal offer terms or continuous service
209 offer terms, cancellation policy, and information regarding how to cancel, and the notice
210 required pursuant to subsection (b) of Code Section 10-1-439.9 may be fulfilled after the
211 completion of the initial order.

212 10-1-439.12.

213 The following are exempt from the requirements of this part:

214 (1) Any service provided by a business or its affiliate when either the business or its
215 affiliate is doing business as a franchise issued by a political subdivision of this state;

216 (2) Any service provided by a business or its affiliate when either the business or its
217 affiliate is regulated by the Georgia Public Service Commission, the Georgia Department
218 of Agriculture, the Federal Communications Commission, or the Federal Energy
219 Regulatory Commission;

220 (3) Any entity regulated by the Office of Insurance and Safety Fire Commissioner;

221 (4) Any financial institution as defined in Code Section 7-1-4 or any subsidiary or
222 affiliate of such institution, or any bank holding company as defined in Code Section
223 7-1-605; and

224 (5) Any foreign bank maintaining a branch or agency licensed under federal law or under
225 the laws of any state of the United States.

226 10-1-439.13.

227 (a) The Attorney General shall be authorized to bring an action under this part to obtain
228 a temporary or permanent injunction prohibiting the use of any method, act, or practice in
229 violation of this part and to obtain restitution for consumers who are residents of this state
230 and who incurred a loss of money or property as the direct result of a violation of this part.

231 (b) If a business that allows a consumer to accept an automatic renewal or continuous
232 service offer online complies with the provisions of this part in good faith, it shall not be
233 subject to civil penalty or damages.

234 (c) There shall be no private right of action for a violation of this part, nor shall a violation
235 of this part serve as the basis for a private right of action under any other provision of law.

236 (d) If any provision of this part or its application to any person or circumstance is held
237 invalid, such invalidity shall not affect other provisions or applications of this part that can

238 be given effect without the invalid provision or application. To this end, the provisions of
239 this part are severable.

240 10-1-439.14.

241 Nothing in this part shall be construed as impairing the application of the provisions of
242 Chapter 12 of Title 13 to service contracts, as such term is defined in Code Section
243 13-12-1. To the extent any provision of this part is incompatible, inconsistent, or
244 otherwise in conflict with the provisions of Chapter 12 of Title 13, the provisions of
245 Chapter 12 of Title 13 shall supersede any such incompatible, inconsistent, or otherwise
246 conflicting provisions of this part."

247

PART III

248

SECTION 3-1.

249 This Act shall become effective on December 31, 2025, and shall apply to contracts entered
250 into on or after such date.

251

SECTION 3-2.

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