

By: Representative Ward

To: Judiciary A

HOUSE BILL NO. 645

1 AN ACT TO PROHIBIT THE USE OF AUTOMATIC RENEWAL CLAUSE IN
2 CONTRACTS; TO EXEMPT CERTAIN PUBLIC CONTRACTS; AND FOR RELATED
3 PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 **SECTION 1.** (1) Except as otherwise provided in this
6 section, any contract, entered into after the effective date of
7 this section, for the sale, service or lease of manufactured goods
8 or commodities or for the providing of services shall not contain
9 a provision that the contract shall be automatically renewed at
10 the end of a certain period of time unless such contract provides
11 that the party providing the goods, commodities or services shall
12 be required to send a written notice to all parties subject to the
13 contract. The party providing the goods, commodities or services
14 shall send such a notice to all other parties to the contract at
15 least thirty (30) days, but not more than sixty (60) days, before
16 the date of the renewal of the contract. Such notice shall state
17 if the terms of the contract subject to renewal are the same as
18 the previous contract period or if any terms in the contract are
19 changed. The contract may be terminated at the end of the
20 contract period by any party if the party sends a written notice
21 of the termination of the contract to the other parties subject to
22 the contract before the renewal date of the contract. The
23 contract may provide that the contract may be automatically
24 renewed on the terms provided in the renewal notice if no party to
25 the contract sends a notice of termination of the contract prior
26 to the date of renewal. The notification requirements required in
27 contracts pursuant to this section may be specifically waived

28 within the contract for a specified period of time by placing a
29 waiver within the contract for a specified period of time by
30 placing a waiver in a prominent place in the written contract, but
31 such a waiver shall only be valid where the party receiving the
32 goods or services has indicated by signature or initials on that
33 portion of the contract that such party has waived the
34 notification requirements of this section. In addition, the
35 provisions of this section shall not apply to any contract with
36 the state or any political subdivision of this state, to any
37 contract with a public institution of education in this state or
38 to parties of automatic rollover contracts subject to cancellation
39 at any time without penalty or parties to contracts which provide
40 for prorated refunds in the event of cancellation.

41 (2) Any automatic renewal provision in a contract that
42 violates the provisions of subsection (1) of this section is
43 against public policy and is void and unenforceable.

44 **SECTION 2.** This act shall take effect and be in force from
45 and after July 1, 2007.