Committee Report

May 01, 2024

S. 434

Introduced by Senator Alexander

S. Printed 05/01/24--H.

Read the first time March 21, 2024

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The committee on House Labor, Commerce and Industry

To whom was referred a Bill (S. 434) to amend the South Carolina Code of Laws by adding Section 38‑78‑55 so as to provide that no clause of a service contract which states that the term of the contract, etc., respectfully

Report:

That they have duly and carefully considered the same, and recommend that the same do pass with amendment:

Amend the bill, as and if amended, SECTION 4, by striking Section 37-1-301(31) and (32) and inserting:

(31) “Automatic renewal provision” means a provision under which a service contract is renewed for a specified period of more than one month if the renewal causes the service contract to be in effect more than six months after the day of the initiation of the service contract. Such renewal is effective unless the consumer gives notice to the seller of the consumer’s intention to terminate the service contract. This term does not include a contract renewal for services provided by a telecommunications carrier or its affiliate when either the carrier or the affiliate is regulated by the South Carolina Public Service Commission or the Federal Communications Commission. This term also does not include a contract renewal for services provided by any broadband entity covered by Act 175 of 2020, known as the Broadband Accessibility Act.

(32) “Service contract” means a written contract for the performance of services over a fixed period of time or for a specified duration. This term does not include service contracts sold or offered for sale to persons other than a natural person or an individual for personal, family, or household purposes and does not include contracts for services provided by an entity incorporated under Chapter 49, Title 33.

Renumber sections to conform.

Amend title to conform.

W.E. “BILL” SANDIFER for Committee.

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A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING SECTION 38‑78‑55 SO AS TO PROVIDE THAT NO CLAUSE OF A SERVICE CONTRACT WHICH STATES THAT THE TERM OF THE CONTRACT SHALL BE DEEMED RENEWED FOR A SPECIFIED ADDITIONAL PERIOD, UNLESS THE SERVICE CONTRACT HOLDER GIVES NOTICE TO THE PROVIDER OF HIS INTENTION TO TERMINATE THE CONTRACT AT THE EXPIRATION OF THE TERM, SHALL BE ENFORCEABLE AGAINST THE SERVICE CONTRACT HOLDER.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 78, Title 38 of the S.C. Code is amended by adding:

Section 38‑78‑55. No automatic renewal provision in a service contract shall be enforceable against the contract holder unless the contract holder was presented written or electronic notification of that automatic renewal provision not less than thirty days nor more than sixty days before the cancellation deadline required by the automatic renewal provision. This notification shall conspicuously disclose:

(A) that unless the service contract holder cancels the contract, the contract will automatically renew;

(B) the amount that will be charged upon renewal; and

(C) methods by which the service contract holder may obtain details of the automatic renewal provision and cancellation procedure, which shall include a toll-free telephone number, electronic email address, a postal address if the seller directly bills the consumer, or another cost-effective, timely, and easy-to-use mechanism for cancellation.

SECTION 2. Chapter 6, Title 37 of the S.C. Code is amended by adding:

Section 37-6-120. No automatic renewal provision in a service contract shall be enforceable against the contract holder unless the contract holder was presented written or electronic notification of that automatic renewal provision not less than thirty days nor more than sixty days before the cancellation deadline required by the automatic renewal provision. This notification shall conspicuously disclose:

(A) that unless the service contract holder cancels the contract, the contract will automatically renew;

(B) the amount that will be charged upon renewal; and

(C) methods by which the service contract holder may obtain details of the automatic renewal provision and cancellation procedure, which shall include a toll-free telephone number, electronic email address, a postal address if the seller directly bills the consumer, or another cost-effective, timely, and easy-to-use mechanism for cancellation.

SECTION 3. Section 38-78-20 of the S.C. Code is amended by adding:

(18) “Automatic renewal provision” means a provision under which a service contract is renewed for a specified period of more than one month if the renewal causes the service contract to be in effect more than six months after the day of the initiation of the service contract. Such renewal is effective unless the consumer gives notice to the seller of the consumer’s intention to terminate the service contract. This term does not include a contract renewal for services provided by a telecommunications carrier or its affiliate when either the carrier or the affiliate is regulated by the South Carolina Public Service Commission or the Federal Communications Commission.

SECTION 4. Section 37-1-301 of the S.C. Code is amended by adding:

(31) “Automatic renewal provision” means a provision under which a service contract is renewed for a specified period of more than one month if the renewal causes the service contract to be in effect more than six months after the day of the initiation of the service contract. Such renewal is effective unless the consumer gives notice to the seller of the consumer’s intention to terminate the service contract. This term does not include a contract renewal for services provided by a telecommunications carrier or its affiliate when either the carrier or the affiliate is regulated by the South Carolina Public Service Commission or the Federal Communications Commission.

(32) “Service contract” means a written contract for the performance of services over a fixed period of time or for a specified duration.

SECTION 5. This act takes effect upon approval by the Governor.

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