

SENATE BILL NO. 5—SENATOR O'DONNELL

PREFILED JANUARY 11, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Provides that provisions for automatic renewal in service contracts are unenforceable except under certain circumstances. (BDR 52-286)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~(omitted material)~~ is material to be omitted.

AN ACT relating to service contracts; providing that a provision for automatic renewal in such a contract is unenforceable against the person receiving the service except under certain circumstances; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 597 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Except as otherwise provided in subsection 2, a provision for automatic renewal in a service contract is not enforceable against the person receiving the service unless:*

*(a) The provision for automatic renewal is clearly and conspicuously set forth in the service contract; and*

*(b) The person furnishing the service gives written notice to the person receiving the service of the existence of the provision for automatic renewal in the service contract and the notice is:*

*(1) Served on the person receiving the service personally or by certified mail; and*

*(2) Received by him at least 15 days and not more than 30 days before the date by which he must act to avoid the automatic renewal of the service contract.*

*2. This section does not apply to a service contract in which the additional period specified in the provision for automatic renewal is 1 month or less.*

*3. As used in this section:*

1     (a) *“Person” includes a government, governmental agency or political*  
2 *subdivision of a government.*

3     (b) *“Provision for automatic renewal” means a provision in a service*  
4 *contract which provides that, at the expiration of the term of the contract,*  
5 *the contract will be renewed for a specified additional period unless the*  
6 *person receiving the service gives notice to the person furnishing the*  
7 *service of his intention to terminate the contract.*

8     (c) *“Service contract” means a contract for the provision of any*  
9 *service, including, without limitation, Internet service or the*  
10 *maintenance or repair of real or personal property, for the duration of a*  
11 *definite term.*

12     **Sec. 2.** The amendatory provisions of this act do not apply to contracts  
13 entered into before the effective date of this act.

14     **Sec. 3.** This act becomes effective upon passage and approval.

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