



For Immediate Release
March 4, 2010

Contact
Mike Metz
608-255-0373
608-843-6389

Automatic Renewal Clause Bill Passes Assembly

A bill to place restrictions on automatic renewal clauses in business contracts (SB-190) was approved by the Assembly with a bipartisan vote on March 4, 2010.

Small Wisconsin businesses will receive enhanced consumer protection from SB-190. The bill protects small firms from being trapped by hidden automatic renewal clauses in equipment and service contracts. Automatic renewal clauses are often inserted in many contracts commonly signed by small business owners, such as for credit card processing services & machines, business uniform services, waste hauling, specialized computer equipment & software services, telephone system & telephone services, cash transaction machines and industry-specific diagnostic equipment. A small business that typically has as many as 10 contracts on equipment and services finds it difficult to keep track of the agreements and notices that go with each contract.

The bill does not prohibit automatic renewal clauses but simply requires those seeking to enforce them to provide a reminder notice of the automatic renewal clause. “This bill will help protect the small business owners of Wisconsin and promote competition among service and equipment providers” said Mike Metz of Wisconsin Independent Businesses.

WIB has, for years, seen numerous examples of this problem as businesses call the WIB member hotline for help in extricating themselves from contracts that were automatically extended without warning. WIB has been a strong supporter of this legislation and has worked with the Legislature in this and past sessions on this issue. “It has been a growing problem for the business owners of Wisconsin and we believe this is a fair and balanced compromise that offers small employers reasonable notice of automatic renewals” stated Metz.