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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **2061**

03/23/2015 Authored by Albright, Smith and Hoppe
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act

1.2 relating to commerce; limiting the use of evergreen clauses in certain leases and

1.3 contracts; proposing coding for new law in Minnesota Statutes, chapter 325E.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **[325E.80] AUTOMATIC RENEWAL CLAUSES; LIMITATION.**

1.6 Subdivision 1. **Applicability.** This section applies to leases or other contracts for the

1.7 provision of services or equipment entered into between two or more business entities,

1.8 including sole proprietors, if the initial term or any renewal of the lease or other contract is

1.9 for a period greater than one year.

1.10 Subd. 2. **Automatic renewals.** A lease or other contract described in subdivision 1

1.11 must not contain an automatic renewal clause, unless the lease or contract also requires

1.12 that the lessor or seller of the services or equipment provide to the lessee or buyer a written

1.13 reminder notice of the automatic renewal clause and of the last day upon which the lessee

1.14 or buyer may give notice of nonrenewal. The written reminder notice must be provided to

1.15 the lessee or buyer no later than 30 days, and no more than 90 days, prior to the last day

1.16 upon which the lessee or buyer may give notice of nonrenewal.

1.17 Subd. 3. **Remedy.** An automatic renewal clause for which a written reminder notice

1.18 is required under subdivision 2 becomes void if:

1.19 (1) the lease or contract does not contain the requirement that the written reminder

1.20 notice be given; or

1.21 (2) the written reminder notice is not given at the required time.

1.22 **EFFECTIVE DATE.** This section is effective January 1, 2016, and applies to leases

1.23 or contracts entered into on or after that date.