

2005 DRAFTING REQUEST

Bill

Received: **08/25/2004**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Thomas Reynolds (608) 266-2512**

By/Representing: **Les Wakefield**

This file may be shown to any legislator: **NO**

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Trade Regulation - other**

Extra Copies: **mkunkel**

Submit via email: **YES**

Requester's email: **Sen.Reynolds@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Renewal clauses in business equipment contracts

Instructions:

Redraft LRB-2474 for 05 session

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	csundber 08/26/2004	wjackson 09/22/2004	rschluet 09/23/2004	_____	Inorthro 09/23/2004		
		wjackson 09/22/2004		_____			
/2	csundber 02/09/2005	wjackson 02/09/2005	jfrantze 02/10/2005	_____	sbasford 02/10/2005		
/3	csundber	wjackson	jfrantze	_____	lemery	lemery	

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	02/18/2005	02/18/2005	02/18/2005 _____		02/18/2005	03/04/2005	

FE Sent For:

<END>

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/3	csundber	wjackson	jfrantze	_____	lemery		

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1/3 WLj 2/18

Jb 2/18 Jb 2/18

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		12 Wlj 2/9	10/2/10	Self			
				2/10			

LRB-0017

09/23/2004 10:20:39 AM

Page 2

FE Sent For:

<END>



WISCONSIN INDEPENDENT BUSINESSES, INC.

111 South Hamilton Street, P.O. Box 2135

Madison, WI 53701 • (608) 255-0373

March 27, 2003

Senator Tom Reynolds, Chair
Committee on Labor, Small Business Development & Consumer Affairs
P.O. Box 7882
Madison, WI 53707

Dear Senator Reynolds,

We have discussed the problems endured by Wisconsin businesses when they are confronted with an automatic contract renewal they had no reason to anticipate. Various types of leased business machines and business uniforms are among the products and services that have these types of hidden clauses.

Wisconsin Independent Businesses hopes to create legislation that brings these hidden clauses into the open. WIB does not seek to ban automatic renewal clauses from business contracts. We do want to create a situation, however, in which the lessor or service provider is required to carefully and openly advise the customer of the automatic renewal clause and the steps that must be taken to cancel the contract.

The proposed language that is attached is taken directly from Chapter 704 of the Wisconsin Statutes. This section of the statutes deals with landlord/tenant relations. Gary L. Antoniewicz of The Boardman Law Firm, corporate counsel to WIB, has reviewed the proposed language. Both Gary and I believe the language could be made more understandable when redrafted by the Legislative Reference Bureau.

We hope you continue to have interest in introducing this legislation. WIB will be able to provide contract excerpts that give glaring examples of the need for reform. We also have business owners who will be willing to publicly discuss the impact these hidden clauses have had on their ability to run their businesses effectively.

I greatly appreciate your interest in this area and look forward to working with you and your committee to create important legislation that will truly help Wisconsin businesses.

Cordially,

Wayne Corey
Executive Director

AUTOMATIC BUSINESS CONTRACT RENEWAL CLAUSE

The proposed statutory language to regulate the use of an automatic business equipment or service contract renewal clause is based on language from Chapter 704 of the Wisconsin Statutes.

Requirement that business equipment lessor notify lessee of automatic renewal clause. A provision in a lease of business equipment that the lease shall be automatically renewed or expanded for a specified period unless either party gives notice to the contrary prior to the end of the lease is not enforceable against the lessee unless the lessor, at least 15 days but not more than 30 days prior to the time specified for the giving of such notice to the lessor, gives the lessee written notice in the same manner as specified in _____ calling the attention of the lessee to the existence of the provision in the lease for automatic renewal or extension.

Requirement that business service provider notify service purchaser of automatic renewal clause. A provision in a contract for business services that the contract shall be automatically renewed or expanded for a specified period unless either party gives notice to the contrary prior to the end of the contract is not enforceable against the service purchaser unless the business service provider, at least 15 days but not more than 30 days prior to the time specified for the giving of such notice to the business service provider, gives the service purchaser written notice in the same manner as specified in _____ calling the attention of the service purchaser to the existence of the provision in the contract for automatic renewal or extension.

Manner of giving notice by lessor.

Notice by the lessor or a person in the lessor's behalf must be given under this chapter by one of the following methods:

By ^{business} giving a notice personally to the lessee or by leaving a copy at the lessee's usual place of ~~abode~~ in the presence of some competent employee of the lessee's business who is informed of the contents of the notice;

By leaving a copy with any competent person [?] apparently responsible for the leased equipment, and by mailing a copy by regular mail or other mail to the lessee's address;

By mailing a copy by registered or certified mail to the lessee at the lessee's business address.

Manner of giving notice by business service provider.

Notice by the business service provider or a person in the business service provider's behalf must be given under this chapter by one of the following methods:

By giving a notice personally to the business service purchaser or by leaving a copy at the business service purchaser's usual place of business in the presence of some competent employee of the business service purchaser's business who is informed of the contents of the notice;

By leaving a copy with any competent person apparently responsible for the use of the purchased business service, and by mailing a copy by regular mail or other mail to the address of the business service purchaser;

By mailing a copy by registered or certified mail to the business service purchaser at the business service purchaser's business address.

Wayne Corey
Wisconsin Independent Businesses



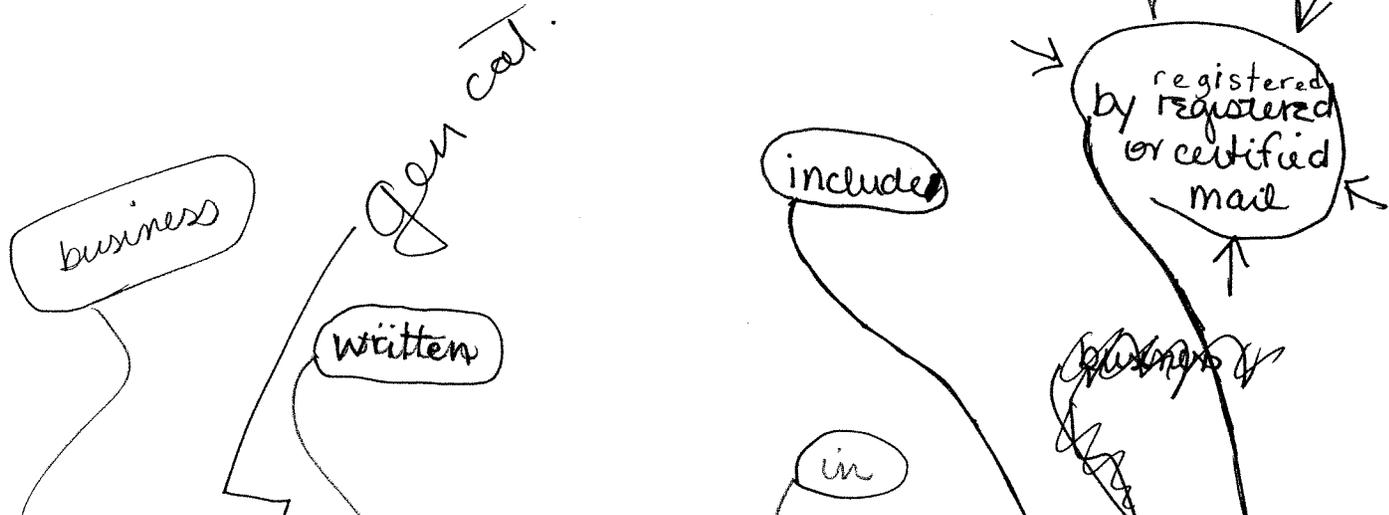
Lin 7/23
soon

D-Note

EMR
LRB-2474
MGG:.....

cjs

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION



AN ACT ... relating to: the renewal and extensions of business contracts.

Analysis by the Legislative Reference Bureau

Under current law, a provision in a landlord-tenant lease that states that the lease will be automatically renewed or extended unless the tenant or landlord gives notice to the contrary is not enforceable against the tenant unless the landlord gives the tenant a ~~written~~ reminder of that provision at least 15 but not more than 30 days before the notice to terminate the lease is due. ~~Current law limits what methods may be used to give the reminder notice.~~ This bill creates the same requirements for provisions ~~for~~ leases of business equipment and contracts providing ~~business~~ services.

Current law also specifies the methods a landlord may use in providing the reminder notice. This bill creates similar methods for lessors of business equipment and providers of business services. These methods ~~consist~~ giving a copy of the notice personally to the lessee of the equipment or the recipient of the services ~~and~~ mailing a copy to the lessee's or recipient's last-known business address ~~or by~~ giving a copy of the notice to any competent person who is apparently responsible for the business equipment or for the use of the business service.

of the notice

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 134.49 of the statutes is created to read:

1

5 (B)

134.49 Renewal and extensions of business contracts. (1) DEFINITIONS.

In this section:

(a) "Business contract" means contract entered into for the lease of business equipment or for providing ^g business services.

(c) "Customer" means the lessee under a business contract that is entered into for the lease of business equipment or the purchaser under a business contract that is entered into for the purchase of business services.

(d) "Seller" means the provider of a business service or the lessor of business equipment under a business contract.

(2) NOTICE REQUIRED. A provision in a business contract that the business contract shall be automatically renewed or extended for a specified period unless either party gives notice to the contrary before the end of the business contract is not enforceable against the customer unless the seller, ^{delete extra space} at least 15 days but not more than 30 days before the time specified for the giving of such notice to the ~~lessor or seller~~ ^{customer}, gives to the customer written notice that calls the attention of the customer to the existence of the provision in the business contract for automatic renewal or extension.

(3) MANNER OF GIVING NOTICE. A seller or a person acting on behalf of the seller shall give the written notice required under sub. (2) by one of the following methods:

(a) By giving a copy of the notice personally to the customer or ^{or} by leaving a copy at the customer's usual place of business in the presence of a competent employee of the customer's business and by informing the employee of the contents of the notice. ↓

(b) By giving a copy of the notice to any competent person who is apparently responsible for the business equipment or for the use of the business service that is

mail

subject to the business contract and mailing a copy of the notice by regular ~~mail~~ to the customer's last-known business address.

(c) By mailing a copy of the notice by registered or certified mail to the customer at the customer's last-known business address.

SECTION 2. Initial applicability.

(1) This act first applies to contracts for the lease of business equipment or for providing ^g business services that are entered into on the effective date of this subsection.

SECTION 3. Effective date.

(1) This act takes effect on the first day of the 7th month beginning after publication.

(END)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2474/?dn

MGG:.....

gs

terms

The terms "business service" and "business equipment" are vague terms. As drafted, no state agency has authority for promulgating rules to define these rules or to interpret the other provisions created in this bill. Do you want to designate a state agency for the purpose of administering and interpreting these statutes?

I created a delayed effective date for this bill to give the public time to become aware of its provisions. Please let me know if you want the date changed. ✓

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2474/1dn
MGG:cjs:jf

August 5, 2003

The terms "business service" and "business equipment" are vague. As drafted, no state agency has authority for promulgating rules to define these terms or to interpret the other provisions created in this bill. Do you want to designate a state agency for the purpose of administering and interpreting these statutes?

I created a delayed effective date for this bill to give the public time to become aware of its provisions. Please let me know if you want the date changed.

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215

Gibson-Glass, Mary

From: Wakefield, Les
Sent: Tuesday, November 18, 2003 2:52 PM
To: Gibson-Glass, Mary
Cc: Krieser, Steve; Sen.Reynolds; Peer, Adam
Subject: LRB 2474/1-Business Contracts

Senator Reynolds asked to have this language included for a "2474/2" version of this bill. It is a section dealing with the topic of remedies.

Thank you in advance for your prompt attention to this drafting request

(4) Remedies. In the event a seller attempts to enforce a business contract without meeting the requirements of this section,

the customer may sue the seller in any court of competent jurisdiction and shall recover twice the amount of any pecuniary loss

or twice the amount of periodic payment provided in the business contract, not to exceed \$1,000.00, whichever is greater,

together with costs including a reasonable attorney's fee.

**WISCONSIN INDEPENDENT BUSINESSES, INC.**

P.O. Box 2135 • Madison, WI 53701-2135

(608) 255-0373

November 17, 2004

Mary Gibson-Glass, Senior Legislative Attorney
Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701

Dear Ms. Glass,

Attached are documents related to LRB-2474, a bill on business contracts. LRB-2474 is legislation requested by Senator Reynolds. His office asked Wisconsin Independent Businesses to provide you with information you requested in a note dated August 5, 2003. Please contact Les Wakefield in Senator Reynold's office if you have any questions about WIB's involvement in the development of this legislation.

Gary L. Antoniewicz, partner at the Boardman Law Firm, has been corporate counsel to WIB for 22 years. Because Gary and I deal directly daily with problems confronting individual WIB members, we have become increasingly aware of the serious problem we seek to resolve through LRB-2474.

I appreciate the burdens faced by LRB at this time and I look forward to assisting you on this matter in any way possible.

Very truly yours,

Wayne Corey
Executive Director

Cc: Les Wakefield
Gary L. Antoniewicz



Fourth Floor
1 South Pinckney Street
P.O. Box 927
Madison, WI 53701-0927

Phone • (608) 257-9521
Fax • (608) 283-1709

Gary L. Antoniewicz
Direct Dial Number • (608) 283-1759
gantoni@boardmanlawfirm.com

October 13, 2003

Mr. Wayne Corey
Executive Director
Wisconsin Independent Businesses
122 West Washington Avenue
Madison, WI 53703

**via facsimile no.: 608/255-6600
and first-class mail**

Re: LRB 2474/1

Dear Wayne:

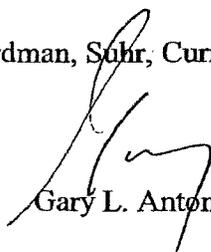
Enclosed is my recommendation for an addition to the "business contract" draft legislation. While the draft as currently set forth provides that a contract is not "enforceable" if notice is not provided, there is really no remedy except having the business go to court and have the contract declared unenforceable. By adding a "Remedies" section, the customer could get a statutory penalty and recover attorney fees, but only in the event the seller attempts to enforce the agreement. I think this addition would give the law more teeth.

As to the drafter's comments about the terms "business service" and "business equipment" being vague, I think this is something we should live with. The courts are certainly capable of providing some definition on a case-by-case basis. If we try to get too specific, I'm sure something will fall through the cracks along the way. Personally, I prefer the broad language. The only place I would foresee a problem with the broad language would be potentially with large corporations. For instance, General Motors could have a contract with a supplier for goods and services. Would this bill change that agreement or cause problems in a situation where the terms were, in fact, freely negotiated by the parties. My reply would be that there is nothing in the proposal that limits the parties from freely negotiating terms. It simply requires one side to give notice to the other in order to enforce the terms.

Please let me know if I can provide you anything further.

Sincerely,

Boardman, Suhr, Curry & Field LLP
By



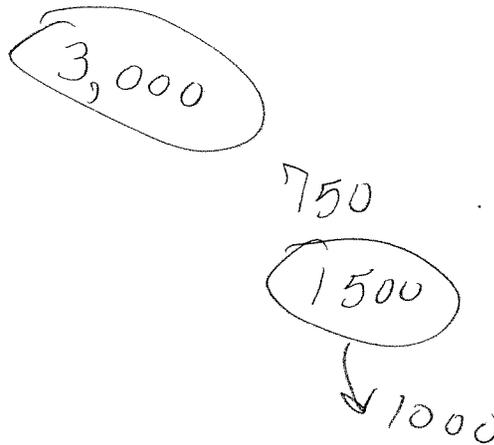
Gary L. Antoniewicz

GLA/jh
Enclosure

@PFDesktop\ODMA\WORLD\OX\F\DOCS\WD\Z5158\0\A0223837.WPD

**ADDITION TO LRB 2474/1
on Business Contracts**

(4) Remedies. In the event a seller attempts to enforce a business contract without meeting the requirements of this section, the customer may sue the seller in any court of competent jurisdiction and shall recover twice the amount of any pecuniary loss or twice the amount of any periodic payment provided in the business contract, not to exceed \$1,000.00, whichever is greater, together with costs, including a reasonable attorney's fee.



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Thank you in advance for your prompt attention to this drafting request

(4) Remedies. In the event a seller attempts to enforce a business contract without meeting the requirements of this section, *commence an action against* the customer may ~~sue~~ the seller in any court of competent jurisdiction and shall recover *for* ~~twice~~ the amount of any pecuniary loss, *damages*

or twice the amount of periodic payment provided in the business contract, not to exceed \$1,000.00, whichever is greater. *Notwithstanding the limitations in 5-814.04(1), the court shall award* together with costs, including a reasonable attorney's fees *a customer who prevails*

in an action under this subsection his or her

↑



State of Wisconsin
2003 - 2004 LEGISLATURE

RMR
LRB-2474/r2
MGG:cjs:
stays

SOON

2003 BILL

Reyer J.

1 AN ACT to create 134.49 of the statutes; relating to: the renewal and extensions
2 of business contracts.

for

for

Analysis by the Legislative Reference Bureau

Under current law, a provision in a landlord-tenant lease that states that the lease will be automatically renewed or extended unless the tenant or landlord gives notice to the contrary is not enforceable against the tenant unless the landlord gives the tenant a written reminder of that provision at least 15 but not more than 30 days before the notice to terminate the lease is due. This bill creates the same requirements for provisions in leases of business equipment and in contracts providing business services.

Current law also specifies the methods a landlord may use in providing the reminder notice. This bill creates similar methods for lessors of business equipment and providers of business services to use. These methods include giving a copy of the notice personally to the lessee of the equipment or the recipient of the services and mailing by registered or certified mail a copy of the notice to the lessee's or recipient's last-known business address.

ANL

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LA

3 SECTION 1. 134.49 of the statutes is created to read:

BILL

1 **134.49 Renewals and extensions of business contracts. (1) DEFINITIONS.**

2 In this section:

3 (a) "Business contract" means ^acontract entered into for the lease of business
4 equipment or for providing business services.

5 (c) "Customer" means the lessee under a business contract that is entered into
6 for the lease of business equipment or the purchaser under a business contract that
7 is entered into for the purchase of business services.

8 (d) "Seller" means the provider of a business service or the lessor of business
9 equipment under a business contract.

10 (2) NOTICE REQUIRED. A provision in a business contract that the business
11 contract shall be automatically renewed or extended for a specified period unless
12 either party gives notice to the contrary before the end of the business contract is not
13 enforceable against the customer unless the seller, at least 15 days but not more than
14 30 days before the time specified for the giving of such notice to the customer, gives
15 to the customer written notice that ^{e calls} ~~calls~~ the attention of the customer to the existence
16 of the provision in the business contract for automatic renewal or extension.

17 (3) MANNER OF GIVING NOTICE. A seller or a person acting on behalf of the seller
18 shall give the written notice required under sub. (2) by one of the following methods:

19 (a) By giving a copy of the notice personally to the customer or by leaving a copy
20 at the customer's usual place of business in the presence of a competent employee of
21 the customer's business and by informing the employee of the contents of the notice.

22 (b) By giving a copy of the notice to any competent person who is apparently
23 responsible for the business equipment or for the use of the business service that is
24 subject to the business contract and mailing a copy of the notice by regular mail to
25 the customer's last-known business address.

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2474/lins
MGG:cjs:jf

the business contract
attempts to enforce a contract
does not comply with the

ANL

The bill also specifies remedies that are available to a customer if the ~~business contract does not contain the required provisions or if the lessor or provider has not followed the required methods for giving the reminder notice~~ *Created in this bill*

a provision in

INS
3-2

(4) REMEDIES. (a) If a seller attempts to enforce a business contract for which subs. (2) and (3) have not been complied with, the customer may commence an action or may file a counterclaim against the seller for either of the following:

1.
2.

(a) An amount that equals twice of the amount of the damages incurred by the customer.

(b) An amount that equals twice the amount of the periodic payment specified in the contract or \$1,000, whichever is less.

(b) Notwithstanding the limitations in s. 814.04 (1), the court shall award a customer who prevails in an action or counterclaim under this subsection ~~the court~~ costs ~~incurred by the customer~~, including reasonable attorney fees.

to which subs. (2) and (3) apply
and for which

Basford, Sarah

From: Gibson-Glass, Mary
Sent: Thursday, January 22, 2004 8:12 AM
To: Basford, Sarah
Subject: FW: Contract - Please Jacket - LRB 2474/2

Could you please jacket this for Senator Reynolds?

Thanks,

MGG

-----Original Message-----

From: Wakefield, Les
Sent: Wednesday, January 21, 2004 5:12 PM
To: Gibson-Glass, Mary
Subject: Contract - Please Jacket - LRB 2474/2

If you could jacket LRB 2474/2



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

January 5, 2004

MEMORANDUM

To: Senator Reynolds

From: Mary Gibson-Glass, Senior Legislative Attorney

Re: LRB-2474/2 Renewal clauses in business equipment contracts

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

_____ JACKET FOR ASSEMBLY _____ JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 267-3215 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.



2003 BILL

1 AN ACT *to create* 134.49 of the statutes; relating to: the renewal and extensions
2 of business contracts.

Analysis by the Legislative Reference Bureau

Under current law, a provision in a landlord-tenant lease that states that the lease will be automatically renewed or extended unless the tenant or landlord gives notice to the contrary is not enforceable against the tenant unless the landlord gives the tenant a written reminder of that provision at least 15 but not more than 30 days before the notice to terminate the lease is due. This bill creates the same requirements for provisions in leases of business equipment and in contracts providing business services.

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The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 134.49 of the statutes is created to read:

BILL

1 (c) By mailing a copy of the notice by registered or certified mail to the customer
2 at the customer's last-known business address.

3 **SECTION 2. Initial applicability.**

4 (1) This act first applies to contracts for the lease of business equipment or for
5 providing business services that are entered into on the effective date of this
6 subsection.

7 **SECTION 3. Effective date.**

8 (1) This act takes effect on the first day of the 7th month beginning after
9 publication.

10

(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

0017/1
LRB-2474/1dn
~~MCG:ajs:jf~~
CTS

~~August 5, 2003~~

As Mary Gibson ↓ Glass noted with respect to LRB 03-2474, ↑

The terms "business service" and "business equipment" are vague. ^{themo} As drafted, ^{and} no state agency has authority ^{and} for promulgating rules to define these terms or to interpret the other provisions created in this bill. Do you want to designate a state agency for the purpose of administering and interpreting these statutes? ^{No ff}

I created a delayed effective date for this bill to give the public time to become aware of its provisions. Please let me know if you want the date changed. ^{Please contact me if you would like to revisit this}

→ PK I have made a minor technical change to the initial applicability provision. ^{ISSUED}

↓ CTS
Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215
Christopher Sundberg
266-9139



State of Wisconsin
2003-2004 LEGISLATURE

05-26

9/24

0017/1
LRB-24742
MGG-cjs:pg
CS:Wlj:

2005

2003 BILL

D-N ✓

Regen

1 AN ACT to create 134.49 of the statutes; relating to: the renewal and extensions
2 of business contracts.

provides or

Analysis by the Legislative Reference Bureau

that provision states an identical limitation

Under current law, a provision in a landlord-tenant lease that states that the lease will be automatically renewed or extended unless the tenant or landlord gives notice to the contrary is not enforceable against the tenant unless the landlord gives the tenant a written reminder of that provision at least 15 but not more than 30 days before the notice to terminate the lease is due. This bill creates the same provisions for leases of business equipment and for contracts providing business services.

Current law also specifies the methods a landlord may use in providing the reminder notice. This bill creates similar methods for lessors of business equipment and providers of business services to use. These methods include giving a copy of the notice personally to the lessee of the equipment or the recipient of the services and mailing by registered or certified mail a copy of the notice to the lessee's or recipient's last-known business address.

The bill also specifies remedies that are available to a customer if the business contract does not comply with the provisions created in this bill.

specifies

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 134.49 of the statutes is created to read:

to commence an action for damages against a lessor of business equipment or provider of business services who fails to comply with the notice requirements

BILL

1 **134.49 Renewals and extensions of business contracts. (1) DEFINITIONS.**

2 In this section:

3 (a) “Business contract” means a contract entered into for the lease of business
4 equipment or for providing business services.5 (c) “Customer” means the lessee under a business contract that is entered into
6 for the lease of business equipment or the purchaser under a business contract that
7 is entered into for the purchase of business services.8 (d) “Seller” means the provider of a business service or the lessor of business
9 equipment under a business contract.10 (2) NOTICE REQUIRED. A provision in a business contract that the business
11 contract shall be automatically renewed or extended for a specified period unless
12 either party gives notice to the contrary before the end of the business contract is not
13 enforceable against the customer unless the seller, at least 15 days but not more than
14 30 days before the time specified for the giving of such notice to the customer, gives
15 to the customer written notice that calls the attention of the customer to the existence
16 of the provision in the business contract for automatic renewal or extension.17 (3) MANNER OF GIVING NOTICE. A seller or a person acting on behalf of the seller
18 shall give the written notice required under sub. (2) by one of the following methods:19 (a) By giving a copy of the notice personally to the customer or by leaving a copy
20 at the customer’s usual place of business in the presence of a competent employee of
21 the customer’s business and by informing the employee of the contents of the notice.22 (b) By giving a copy of the notice to any competent person who is apparently
23 responsible for the business equipment or for the use of the business service that is
24 subject to the business contract and mailing a copy of the notice by regular mail to
25 the customer’s last-known business address.

BILL

1 (c) By mailing a copy of the notice by registered or certified mail to the customer
2 at the customer's last-known business address.

3 (4) REMEDIES. (a) If a seller attempts to enforce a provision in a business
4 contract to which subs. (2) and (3) apply and for which subs. (2) and (3) have not been
5 complied with, the customer may commence an action or may file a counterclaim
6 against the seller for either of the following:

7 1. An amount that equals twice the amount of the damages incurred by the
8 customer.

9 2. An amount that equals twice the amount the periodic payment specified in
10 the contract or \$1,000, whichever is less.

11 (b) Notwithstanding the limitations in s. 814.04 (1), the court shall award a
12 customer who prevails in an action or counterclaim under this subsection costs,
13 including reasonable attorney fees. ^{modified} or renewed

14 **SECTION 2. Initial applicability.**

15 (1) This act first applies to contracts for the lease of business equipment or for
16 providing business services that are entered into on the effective date of this
17 subsection.

18 **SECTION 3. Effective date.**

19 (1) This act takes effect on the first day of the 7th month beginning after
20 publication.

21

(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0017/1dn
CTS:wlj:rs

September 23, 2004

As Mary Gibson Glass noted with respect to LRB 03-2474, the terms "business service" and "business equipment" are vague and no state agency has authority to define them. Please contact me if you would like to revisit this issue.

I have made a minor technical change to the initial applicability provision.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

Sundberg, Christopher

From: Henneger, Patrick
Sent: Tuesday, February 01, 2005 3:50 PM
To: Sundberg, Christopher
Subject: LRB 0017 (Renewal Clauses in Business Equipment Contracts)

Hi Chris:

As we discussed, the intent of LRB 0017 is to require sellers of business equipment or services to provide notice to the buyer that the deadline to terminate the lease is approaching (specifically giving the deadline) and that failure to terminate the lease will result in automatic renewal of the lease. The required notice by the seller must be given between 15 and 30 days from the deadline for either party to give notice terminating the lease. Please revise the current draft of LRB 0017 to more clearly differentiate between the two notices (notice of impending deadline to terminate the lease and notice terminating the lease). Let me know if you have any questions.

Thanks,

Patrick Henneger
Office of State Senator Tom Reynolds
5th Senate District



State of Wisconsin
2005 - 2006 LEGISLATURE

1/2 RMR

LRB-001718

~~CTS:WLJ:TS~~

CTS: WLJ: —

2005 BILL

ln: 2/9/05

SOON

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AN ACT to create 134.49 of the statutes; relating to: the renewal and extensions

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of business contracts.

Analysis by the Legislative Reference Bureau

Under current law if a landlord-tenant lease provides that the lease will be automatically renewed or extended unless the tenant or landlord gives notice to the contrary, that provision is not enforceable against the tenant unless the landlord gives the tenant a written reminder of that provision at least 15 but not more than 30 days before the notice to terminate the lease is due. This bill creates an identical limitation for leases of business equipment and for contracts providing business services.

Current law also specifies the methods a landlord may use in providing the reminder notice. This bill specifies similar methods for lessors of business equipment and providers of business services to use. These methods include giving a copy of the notice personally to the lessee of the equipment or the recipient of the services and mailing by registered or certified mail a copy of the notice to the lessee's or recipient's last-known business address.

The bill also permits a customer to commence an action for damages against a lessor of business equipment or provider of business services who fails to comply with the notice requirements.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

BILL

SECTION 1

1 **SECTION 1.** 134.49 of the statutes is created to read:

2 **134.49 Renewals and extensions of business contracts. (1) DEFINITIONS.**

3 In this section:

4 (a) "Business contract" means a contract entered into for the lease of business
5 equipment or for providing business services.

6 (c) "Customer" means the lessee under a business contract that is entered into
7 for the lease of business equipment or the purchaser under a business contract that
8 is entered into for the purchase of business services.

9 (d) "Seller" means the provider of a business service or the lessor of business
10 equipment under a business contract.

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2-11

11 ~~(2) NOTICE REQUIRED. A provision in a business contract that the business~~
12 ~~contract shall be automatically renewed or extended for a specified period unless~~
13 ~~either party gives notice to the contrary before the end of the business contract is not~~
14 ~~enforceable against the customer unless the seller, at least 15 days but not more than~~
15 ~~30 days before the time specified for the giving of such notice to the customer, gives~~
16 ~~to the customer written notice that calls the attention of the customer to the existence~~
17 ~~of the provision in the business contract for automatic renewal or extension.~~

18 **(3) MANNER OF GIVING NOTICE.** A seller or a person acting on behalf of the seller
19 shall give the written notice required under sub. (2) by one of the following methods:

20 (a) By giving a copy of the notice personally to the customer or by leaving a copy
21 at the customer's usual place of business in the presence of a competent employee of
22 the customer's business and by informing the employee of the contents of the notice.

23 (b) By giving a copy of the notice to any competent person who is apparently
24 responsible for the business equipment or for the use of the business service that is

BILL

1 subject to the business contract and mailing a copy of the notice by regular mail to
2 the customer's last-known business address.

3 (c) By mailing a copy of the notice by registered or certified mail to the customer
4 at the customer's last-known business address.

5 (4) REMEDIES. (a) If a seller attempts to enforce a provision in a business
6 contract to which subs. (2) and (3) apply and for which subs. (2) and (3) have not been
7 complied with, the customer may commence an action or may file a counterclaim
8 against the seller for either of the following:

9 1. An amount that equals twice the amount of the damages incurred by the
10 customer.

11 2. An amount that equals twice the amount the periodic payment specified in
12 the contract or \$1,000, whichever is less.

13 (b) Notwithstanding the limitations in s. 814.04 (1), the court shall award a
14 customer who prevails in an action or counterclaim under this subsection costs,
15 including reasonable attorney fees.

SECTION 2. Initial applicability.

16 (1) This act first applies to contracts for the lease of business equipment or for
17 providing business services that are entered into, modified, or renewed on the
18 effective date of this subsection.
19

SECTION 3. Effective date.

20 (1) This act takes effect on the first day of the 7th month beginning after
21 publication.
22

23 (END)

Insert 2-11:

(2) NOTICE REQUIRED. If a business contract provides that the contract will be automatically renewed or extended unless the customer declines renewal or extension, the provision is not enforceable against the customer unless the seller, at least 15 days but not more than 30 days before the deadline for the customer to decline renewal or extension, provides a written notice to the customer containing all of the following:

- (a) A statement that the contract will be renewed or extended unless the customer declines renewal or extension.
- (b) The deadline for the customer to decline renewal or extension.

Sundberg, Christopher

From: Henneger, Patrick
Sent: Thursday, February 17, 2005 2:14 PM
To: Sundberg, Christopher
Subject: LRB 0017/2 revised language

Chris, here is the language we want for 134.49(3)(b):

- (b) By giving a copy of the notice personally to an owner, officer, director or managing agent of the customer's business.

As we discussed, 3(c) of the current draft will become 3(a) of the new draft. Subsection 3(b) of the current draft will be eliminated. The new 3(b) will be as written above. That's all the changes. Thanks for your help.

Patrick Henneger
Office of State Senator Tom Reynolds
5th Senate District



13/TCMR

2005 BILL

lu: 2/18 10:00
Due: today, please

D-note ✓

Regen

1 AN ACT *to create* 134.49 of the statutes; relating to: the renewals and
2 extensions of business contracts.

Analysis by the Legislative Reference Bureau

Under current law if a landlord-tenant lease provides that the lease will be automatically renewed or extended unless the tenant or landlord gives notice to the contrary, that provision is not enforceable against the tenant unless the landlord gives the tenant a written reminder of that provision at least 15 but not more than 30 days before the notice to terminate the lease is due. This bill creates an identical limitation for leases of business equipment and for contracts providing business services.

Current law also specifies the methods a landlord may use in providing the reminder notice. This bill specifies similar methods for lessors of business equipment and providers of business services to use. These methods include giving a copy of the notice personally to the lessee of the equipment or the recipient of the services and mailing by registered or certified mail a copy of the notice to the lessee's or recipient's last-known business address.

The bill also permits a customer to commence an action for damages against a lessor of business equipment or provider of business services who fails to comply with the notice requirements.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

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to provide

BILL

1 SECTION 1. 134.49 of the statutes is created to read:

2 **134.49 Renewals and extensions of business contracts. (1) DEFINITIONS.**

3 In this section:

4 (a) "Business contract" means a contract entered into for the lease of business
5 equipment or for providing business services.

6 (c) "Customer" means the lessee under a business contract that is entered into
7 for the lease of business equipment or the purchaser under a business contract that
8 is entered into for the purchase of business services.

9 (d) "Seller" means the provider of a business service or the lessor of business
10 equipment under a business contract.

11 (2) NOTICE REQUIRED. If a business contract provides that the contract will be
12 automatically renewed or extended unless the customer declines renewal or
13 extension, the provision is not enforceable against the customer unless the seller, at
14 least 15 days but not more than 30 days before the deadline for the customer to
15 decline renewal or extension, provides a written notice to the customer containing
16 all of the following:

17 (a) A statement that the contract will be renewed or extended unless the
18 customer declines renewal or extension.

19 (b) The deadline for the customer to decline renewal or extension.

20 (3) MANNER OF GIVING NOTICE. A seller or a person acting on behalf of the seller
21 shall give the written notice required under sub. (2) by ~~one~~ ^{any} of the following methods:

22 (a) By giving a copy of the notice personally to the customer or by leaving a copy
23 at the customer's usual place of business in the presence of a competent employee of
24 the customer's business and by informing the employee of the contents of the notice.

BILL

1 (b) By giving a copy of the notice to any competent person who is apparently
 2 responsible for the business equipment or for the use of the business service that is
 3 subject to the business contract and mailing a copy of the notice by regular mail to
 4 the customer's last-known business address.

5 (a) ~~By~~ By mailing a copy of the notice by registered or certified mail to the customer
 6 at the customer's last-known business address.

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7 (4) REMEDIES. (a) If a seller attempts to enforce a provision in a business
 8 contract to which subs. (2) and (3) apply and for which subs. (2) and (3) have not been
 9 complied with, the customer may commence an action or may file a counterclaim
 10 against the seller for either of the following:

- 11 1. An amount that equals twice the amount of the damages incurred by the
- 12 customer.
- 13 2. An amount that equals twice the amount the periodic payment specified in
- 14 the contract or \$1,000, whichever is less.

15 (b) Notwithstanding the limitations in s. 814.04 (1), the court shall award a
 16 customer who prevails in an action or counterclaim under this subsection costs,
 17 including reasonable attorney fees.

SECTION 2. Initial applicability.

18 (1) This act first applies to contracts for the lease of business equipment or for
 19 providing business services that are entered into, modified, or renewed on the
 20 effective date of this subsection.
 21

SECTION 3. Effective date.

22 (1) This act takes effect on the first day of the 7th month beginning after
 23 publication.
 24

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0017/3ins
CTS:wlj:jf

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Insert A:

This bill specifies that a provider of business services or purchaser of business equipment may give notice to a recipient of business services or lessor of business equipment (customer) by sending the notice by registered or certified mail to the customer's last known address, or by giving a copy of the notice personally to an owner, officer, director, or managing agent of the customer's business.

Insert 3-7:

(b) By giving a copy of the notice personally to an owner, officer, director, or managing agent of the customer's business.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0017/3dn
CTS:wlj:jv

Senator Reynolds:

This is a redraft of LRB-0017/2. This draft changes the methods for giving notice, according to language supplied by your aide Patrick Henneger. Please contact me if you have any questions or if you would like to make further changes.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0017/3dn
CTS:wlj:jf

February 18, 2005

Senator Reynolds:

This is a redraft of LRB-0017/2. This draft changes the methods for giving notice, according to language supplied by your aide Patrick Henneger.

Please contact me if you have any questions or if you would like to make further changes.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

Emery, Lynn

From: Henneger, Patrick
Sent: Friday, March 04, 2005 11:17 AM
To: LRB.Legal
Subject: Bill jacket for LRB 0017/3

Senator Reynolds would like to jacket LRB 0017/3.

Let me know if you have any questions.

Thanks,

Patrick Henneger
Office of Senator Tom Reynolds
5th Senate District
608-266-2512