

HOUSE RESEARCH

Bill Summary

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Subject: Contracts entered into by military personnel

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Overview

Allows for the termination of several types of consumer contracts to be cancelled without penalty by members of the armed forces who are deployed or whose duty station changes.

Section

1 Utility Payment Arrangements for Military Service Personnel.

Subdivision 1. Restriction on disconnection; payment schedules. Prohibits a municipal utility, cooperative electric association, or public utility from disconnecting the service of a residential customer if a member of the household has been called to active duty, for deployment, or for a permanent change in duty station during active duty, if either of the following conditions is met:

- (1) household income is below the state median, the household is receiving energy assistance, or the household enters a payment schedule with the utility under which the customer agrees to pay 10 percent of the customer's gross monthly income toward the utility bill, and remains reasonably current with those payments; or
- (2) household income exceeds the state median, and the customer enters into a payment agreement with the utility that considers the household's financial resources, and the customer remains reasonably current with those payments.

Subd. 2. Annual notice to all customers; inability to pay forms. Requires a utility subject to this section to notify residential customers annually of its provisions and to

provide customers a form to request the protections of this section.

Subd. 3. Application to service limiters. Defines "disconnection" to include a service or load limiter or similar device.

Subd. 4. Income verification. Provides that income verification may be conducted by the local energy assistance provider or by a utility. A customer receiving any form of public assistance using 50 percent of median household income as an eligibility threshold is automatically eligible for protection against disconnection.

Subd. 5. Appeal process. Requires a utility to provide a written notice of a right of appeal to the commission when an agreement on a payment schedule cannot be reached. Disconnection may not occur while an appeal is pending.

2 Cancellation Without Penalty of Wireless Contracts by Military Service Personnel.

Subdivision 1. Authority. Allows a service member ordered to active duty, for deployment, or a permanent change of duty station, or the service member's spouse, to terminate a wireless service contract.

Subd. 2. When effective. Termination is effective when notice is given by certified mail of the intent to terminate, accompanied by a copy of the service member's orders. With respect to a contract for wireless telephone service, the phone must be returned to the company, or written notice provided stating that that will be done as soon as practicable after military service is completed.

3 Cancellation of Rental, Club, Service, and Membership Travel Contracts Without Penalty.

Subdivision 1. Applications. Specifies that the opportunity to cancel without penalty allowed in subdivision 2 applies to rental contracts, club contracts under section 325G. 23, service contracts, and membership travel contracts under section 325G.50 if the contract was executed by or on behalf of a person who was issued orders into active duty, for deployment, or for a permanent change of duty station and which results in it being impractical for the person to enjoy the benefits of the contract. This subdivision also defines "service member" to include any business entity wholly owned by the service member or the member's spouse.

Subd. 2. Authority. Allows the cancellation of the contracts specified above to be cancelled by a service member without penalty and with a full refund of any money paid.

Subd. 3. Notice. Requires that in order to terminate a contract, a service member must notify a contractor in writing within two weeks of the service members' receipt of their military order and that the notice must include a copy of the order. Delivery of the notice must be made by certified mail addressed to the contractor.

4 Other rights and protections. Applies the rights and protections available under federal law under the Servicemembers Civil Relief Act to any Minnesota business wholly owned by the service member or service member's spouse.

5 Enforcement. Specifies that section 1 dealing with public utility services is enforced by the public utilities commission. Sections 2, 3, and 4 are to be enforced by the state attorney general.