

June 27, 2019

Representative Sarah Stevens
Speaker Pro Tempore
North Carolina House of Representatives
300 N Salisbury Street, Room 419
Raleigh, NC 27603-5925

RE: Opposed Unless Amended – HB 686 (Consumer Contracts)

Dear Representative Stevens:

On behalf of the Electronic Transactions Association (“ETA”), we appreciate the opportunity to share our thoughts regarding HB 686. While we support the admirable goal of providing increased disclosure of automated renewals for consumer contracts. However, as drafted, this bill also has potential unintended consequences for small businesses in North Carolina. As such, ETA respectfully requests that the language be amended to ensure that contracts subject to these requirements be limited to contracts for personal and household use only and not commercial contracts.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services. ETA’s members include financial institutions, mobile payment service providers, data aggregators, mobile wallet providers and non-bank online lenders that make commercial loans to small businesses, either directly or in partnership with other lenders. ETA member companies are creating innovative offerings in financial services, revolutionizing the way commerce is conducted with safe, convenient and rewarding payment solutions and business lending alternatives.

Specific Comments

This bill would require certain notices, disclosures, and affirmative consent before automatic contract renewals with consumers. The bill applies to all automatically renewing contracts with “consumers”, which includes all “individuals” under North Carolina statutory definition. There is no indication that these requirements would only apply to contracts for personal or household use. Because of the large scope, it is certainly possible that commercial contracts – such as between a merchant processor and a sole proprietor running a business in North Carolina, would be impacted. Our concern is that missing a notice or gap in affirmative consent could prevent a small business owner from being able to accept electronic payments, ultimately proving to be very costly for a small business.

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Thank you for the opportunity to participate in the discussion on this important issue. If you have any additional questions, you can contact me.

Sincerely,



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Cc: Senator Chuck Edwards
Senator Rick Gunn
Senator Ted Alexander