

1985 Assembly Bill 875

Date of enactment: April 29, 1986
Date of publication: May 6, 1986

1985 Wisconsin Act 324

AN ACT to amend 136.01 (3), (5) and (7), 136.02 (4) and (6), 136.05, 136.06 (1) (e) and (f) and 136.07 (2); and to create 136.01 (9) of the statutes, relating to extending the laws governing future service contracts to certain videotape rental contracts.

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

SECTION 1. 136.01 (3), (5) and (7) of the statutes are amended to read:

136.01 (3) "Customer fee" means all money received or contracted for by the contractor from a customer, which is payment for the right to make future purchases of goods and services incidental thereto or to engage in future videotape rental. A payment for purchase of goods or services or for videotape rental which is inflated above the fair market value for such the goods or services or videotape is deemed a customer fee in the amount that it is so inflated. A combination payment for the right to make future purchases or engage in future videotape rentals and for specific goods or services or videotapes is deemed a customer fee in the amount that it exceeds the fair market value for such the goods or services or videotapes.

(5) "Future service contract" means a contract represented to a customer and offered by any contractor

with the primary purpose of providing customers with the right to purchase goods and services incidental thereto or to rent videotapes in the future through such contract, in return for the payment of a customer fee.

(7) "Prepayment" means any payment or accumulation of payments over \$25 for future service contract rights, or customer fees paid before the rights accrue or the customer fee is earned. It is not a prepayment if a payment for service or goods purchased or videotape rented is made on the same day as such the service or goods are or the videotape is received.

SECTION 2. 136.01 (9) of the statutes is created to read:

136.01 (9) "Videotape" means an audiovisual recording of a motion picture or television program for playing through a television set.

SECTION 3. 136.02 (4) and (6) of the statutes are amended to read:

136.02 (4) A customer has the right to cancel, for whatever reason, within the first 3 months of a future

service contract or within 3 days of delivery of the customer's first purchase of goods or rental of videotapes costing more than \$25 made through the contract, which ever occurs first. All unearned customer fees shall be refunded promptly upon cancellation. In the event of cancellation within the first 15 days of the contract no penalty may be assessed to the customer. Every cancellation shall be made in writing by the customer to the contractor, and is deemed to be made when mailed or hand delivered to the contractor. Every refund shall be made within 20 days of the request for cancellation.

(6) Upon cancellation the member is obligated to pay for any goods ordered for purchase or videotape ordered for rental, if ordered prior to cancellation subsequent to the 3rd business day after contracting and delivered at any time within 3 months after such cancellation.

SECTION 4. 136.05 of the statutes is amended to read:

136.05 (title) Delivery. Any goods ordered for purchase or videotape ordered for rental by a customer pursuant to a future service contract shall be delivered to the customer within 3 months after being ordered, or within 15 days of the time specified on the order, whichever is later. If the videotape or goods are not delivered in a timely manner, the customer's downpayment, if any, shall be refunded within 3 business days of written demand. The right of a customer to demand ~~such a~~ refund in the event that ~~such~~ the delivery date is not met, and the right to specify a delivery date shall be conspicuously disclosed on each order blank. An extra copy of ~~such~~ the order blank shall be provided to the customer at the time of ordering.

SECTION 5. 136.06 (1) (e) and (f) of the statutes are amended to read:

136.06 (1) (e) At or prior to the time of execution of a future service contract by the customer, in writing, the ~~step-by-step~~ step-by-step procedure for ordering the purchase of goods or services or the rental of videotapes.

(f) The contractor's policy with respect to retention or refund of trade, prompt payment or other discounts, and the maximum amount of such discounts expressed as a percentage of the contractor's cost for the goods or services purchased or the videotapes rented.

SECTION 6. 136.07 (2) of the statutes is amended to read:

136.07 (2) Every contractor shall retain business records for goods ordered for purchase for 2 years following delivery of those goods, including. These records shall include, but not be limited to, records showing the contractor's costs of such purchased goods to the contractor, and all customer orders for those goods. Every contractor renting videotapes shall retain copies of all unexpired videotape rental contracts, identifying the member and the cost and duration of membership.

SECTION 7. **Initial applicability.** This act first applies to a future service contract, as defined in section 136.01 (5) of the statutes, as affected by this act, for rental of videotapes which is entered into on the effective date of this SECTION.