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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

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A N A C T

RELATING TO BUSINESS AND PROFESSIONS -- HEALTH CLUBS

Introduced By: Senators F Caprio, and McCaffrey

Date Introduced: February 11, 2004

Referred To: Senate Commerce, Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 5-50-1 and 5-50-3 of the General Laws in Chapter 5-50 entitled

2 "Health Clubs" are hereby amended to read as follows:

3 **5-50-1. Definition of terms.** -- Whenever used in this chapter:

4 (1) "Business day" means any day except Sunday or a legal holiday.

5 (2) "Buyer or Purchaser" means a natural person who enters into a health club contract.

6 (3) "Department" means the department of attorney general, unless otherwise described.

7 (4) "Disability" means a condition which will exist for more than forty-five (45) days
8 and prevents a buyer from utilizing the health club to the same extent the buyer did before the
9 commencement of the condition.

10 (5) "Health club" means any person, corporation, partnership, unincorporated
11 association, or other business enterprise offering facilities for the preservation, maintenance,
12 encouragement, or development of physical fitness, conditioning, or well-being in return for the
13 payment of a fee entitling the payer to the use of the facilities. The term includes, but is not
14 limited to, "health spas", "health clubs", "health studios", "figure salons", "sports clubs", "aerobic
15 dance studios", "weight ~~control~~ loss centers or studios", "gyms", "tennis clubs", "racquetball
16 clubs", "yoga studios", "martial arts and self defense schools" or any other similar course of
17 physical training ~~and anywhere exercise facilities are available~~; but does not include any non-
18 profit organization, any private club owned and operated by its members, or any facility owned or
19 operated by the state of Rhode Island or any of its political subdivisions.

1 (6) "Health club contract" means a written statement where a buyer is entitled to
2 membership in a health club or use of the facilities of a health club for a period longer than seven
3 (7) days.

4 (7) "Seller" means any person, firm, corporation, partnership, unincorporated
5 association, franchise, franchisor, or other business enterprise which operates a health club or
6 which offer or enters into contracts for health club services.

7 (8) "Services actually received" includes any period during which the facilities of the
8 health club are available to the buyer and are actually used by the buyer.

9 (9) "Unopened facility" means a health club that is not fully constructed, open or
10 available for use at the time the seller and buyer enter into a contract for health club services.

11 **5-50-3. Bonding.** -- (a) Prior to the execution of any contract for health club services,
12 every seller which sells contracts for health club services shall, for each individual health club
13 location or facility obtain a surety bond in the amount of twenty-five thousand dollars (\$25,000).
14 ~~ten thousand dollars (\$10,000) for a facility with less than ten thousand (10,000) square feet of~~
15 ~~permanently covered non court sport exercise/aerobic/fitness area; twenty thousand (\$20,000) for~~
16 ~~facilities between ten thousand (10,000) square feet and twenty five thousand (25,000) square~~
17 ~~feet of permanently covered non court sport exercise/aerobic/fitness area; and thirty thousand~~
18 ~~dollars (\$30,000) for facilities with greater than twenty five thousand (25,000) square feet of~~
19 ~~permanently covered non court sport exercise/aerobic/fitness area.~~

20 (b) Proof of bonding must be presented at the time of registration or re-registration.

21 (c) This section does not apply to:

22 (1) Any owner/operator in continuous operation in the same location for five years ~~as of~~
23 ~~January 1, 1998; or~~

24 ~~(2) Non profit organizations, weight loss and control services which do not provide~~
25 ~~physical exercise facilities and classes, and which do not obligate the customer for more than~~
26 ~~thirty (30) days, and which do not require an initiation fee as a condition of the contract; or~~

27 ~~(3)~~ (2) A seller which does not require an initiation fee as a condition of a health club
28 contract and whose only type of membership does not exceed thirty (30) days and which posts a
29 conspicuous notice, placed with or near its schedule of rates posted pursuant to section 5-50-8(b)
30 or at its entrances, that the seller is not subject to the bonding requirements of this section.

31 SECTION 2. This act shall take effect on January 1, 2005.

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would make changes in the definitions and bonding requirements for health
2 clubs.

3 This act would take effect on January 1, 2005.

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