

# SENATE BILL 1040

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CF HB 1049

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By: **Senators Gile, Beidle, and Lam**

Introduced and read first time: February 2, 2024

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Automatic Renewals**

3 FOR the purpose of requiring a person who makes an automatic renewal offer to consumers  
4 to allow a consumer to cancel the automatic renewal in a certain manner; requiring  
5 automatic renewal offers to be displayed in a certain manner and contain certain  
6 information; requiring a person who makes an automatic renewal offer to provide a  
7 consumer with notice before the date on which the automatic renewal is scheduled  
8 to take effect; prohibiting a person who makes an automatic renewal offer from  
9 automatically charging a consumer's credit card; establishing that a violation of this  
10 Act is an unfair, abusive, or deceptive trade practice; and generally relating to  
11 automatic renewals.

12 BY repealing and reenacting, with amendments,  
13 Article – Commercial Law  
14 Section 13–301(14)(xl)  
15 Annotated Code of Maryland  
16 (2013 Replacement Volume and 2023 Supplement)

17 BY repealing and reenacting, without amendments,  
18 Article – Commercial Law  
19 Section 13–301(14)(xli)  
20 Annotated Code of Maryland  
21 (2013 Replacement Volume and 2023 Supplement)

22 BY adding to  
23 Article – Commercial Law  
24 Section 13–301(14)(xlii) and 14–1328  
25 Annotated Code of Maryland  
26 (2013 Replacement Volume and 2023 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
2 That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 13–301.

5 Unfair, abusive, or deceptive trade practices include any:

6 (14) Violation of a provision of:

7 (xl) Title 14, Subtitle 13 of the Public Safety Article; [or]

8 (xli) Title 14, Subtitle 45 of this article; or

9 **(XLII) SECTION 14–1328 OF THIS ARTICLE; OR**

10 **14–1328.**

11 **(A) IN THIS SECTION, “AUTOMATIC RENEWAL” MEANS ANY CONTRACT,**  
12 **PLAN, OR AGREEMENT BETWEEN A CONSUMER AND A SELLER IN WHICH A PAID**  
13 **SUBSCRIPTION OR PURCHASING AGREEMENT IS AUTOMATICALLY RENEWED AT THE**  
14 **END OF A DEFINITE TERM FOR A SUBSEQUENT TERM.**

15 **(B) (1) A PERSON MAY NOT MAKE AN AUTOMATIC RENEWAL OFFER TO A**  
16 **CONSUMER UNLESS THE PERSON:**

17 **(I) PRESENTS THE CONSUMER WITH THE TERMS OF THE**  
18 **AUTOMATIC RENEWAL OFFER IN A CLEAR AND CONSPICUOUS MANNER BEFORE THE**  
19 **SUBSCRIPTION OR PURCHASING AGREEMENT IS FULFILLED AND IN VISUAL**  
20 **PROXIMITY TO, OR IN THE CASE OF AN OFFER CONVEYED ORALLY, AT THE SAME**  
21 **TIME AS, THE REQUEST FOR CONSENT TO THE OFFER, INCLUDING:**

22 **1. THE PRICE THAT WILL BE CHARGED AFTER THE**  
23 **INITIAL TERM ENDS; OR**

24 **2. THE MANNER IN WHICH THE SUBSCRIPTION OR**  
25 **PURCHASING AGREEMENT WILL CHANGE AT THE END OF THE INITIAL TERM;**

26 **(II) PRESENTS THE CONSUMER WITH AN EASILY ACCESSIBLE**  
27 **DISCLOSURE OF THE METHODS THAT THE CONSUMER MAY USE TO CANCEL THE**  
28 **AUTOMATIC RENEWAL; AND**

1           **(III) ALLOWS THE CONSUMER TO TERMINATE THE OFFER IN A**  
2 **MANNER THAT DOES NOT DELAY, HINDER, OR OBSTRUCT THE CONSUMER'S ABILITY**  
3 **TO TERMINATE THE AUTOMATIC RENEWAL.**

4           **(2) IF THE OFFER ALSO INCLUDES A FREE GIFT OR TRIAL, THE OFFER**  
5 **SHALL INCLUDE A CLEAR AND CONSPICUOUS EXPLANATION OF THE PRICE THAT**  
6 **WILL BE CHARGED AFTER THE TRIAL ENDS AND THE MANNER IN WHICH THE**  
7 **SUBSCRIPTION OR PURCHASING AGREEMENT PRICING WILL CHANGE AT THE END**  
8 **OF THE TRIAL.**

9           **(3) A PERSON THAT MAKES AN AUTOMATIC RENEWAL OFFER ONLINE**  
10 **SHALL ALLOW A CONSUMER WHO ACCEPTS THE OFFER ONLINE TO TERMINATE THE**  
11 **AUTOMATIC RENEWAL BY:**

12           **(I) PROVIDING A COST-EFFECTIVE AND WIDELY AVAILABLE**  
13 **MECHANISM FOR CANCELING THE AUTOMATIC RENEWAL, INCLUDING:**

14                   1.   **A TOLL-FREE TELEPHONE NUMBER;**

15                   2.   **AN E-MAIL ADDRESS; OR**

16                   3.   **A POSTAL ADDRESS, IF THE PERSON BILLS THE**  
17 **CONSUMER AT THE CONSUMER'S POSTAL ADDRESS; OR**

18           **(II) ANY MEANS OF COMMUNICATING INFORMATION OVER A**  
19 **COMPUTER NETWORK, INCLUDING:**

20                   1.   **A PROMINENTLY LOCATED DIRECT LINK OR BUTTON**  
21 **WHICH MAY BE LOCATED WITHIN EITHER A CUSTOMER ACCOUNT OR PROFILE, OR**  
22 **WITHIN EITHER DEVICE OR USER SETTINGS; OR**

23                   2.   **BY AN IMMEDIATELY ACCESSIBLE TERMINATION**  
24 **E-MAIL FORMATTED AND PROVIDED BY THE BUSINESS OR PERSON THAT MADE THE**  
25 **AUTOMATIC RENEWAL OFFER THAT A CONSUMER CAN SEND WITHOUT ADDITIONAL**  
26 **INFORMATION.**

27           **(C) (1) A PERSON THAT MAKES AN AUTOMATIC RENEWAL OFFER OR AN**  
28 **OFFER THAT INCLUDES A FREE GIFT OR TRIAL SHALL INCLUDE CLEAR AND**  
29 **CONSPICUOUS NOTICE, BEFORE THE END OF THE AUTOMATIC RENEWAL OR FREE**  
30 **TRIAL, OF THE FOLLOWING:**

31                   **(I) THAT THE OFFER WILL AUTOMATICALLY RENEW UNLESS**  
32 **THE CONSUMER CANCELS;**

1                   **(II) THE DURATION AND ANY ADDITIONAL TERMS OF THE**  
2 **RENEWAL PERIOD, INCLUDING:**

3                   **1. THE PRICE THAT WILL BE CHARGED AFTER THE**  
4 **RENEWAL OR THE FREE TRIAL ENDS; OR**

5                   **2. THE MANNER IN WHICH THE SUBSCRIPTION OR**  
6 **PURCHASING AGREEMENT WILL CHANGE AT THE END OF THE TRIAL;**

7                   **(III) VARIOUS METHODS BY WHICH A CONSUMER MAY CANCEL**  
8 **THE AUTOMATIC RENEWAL OR CONTINUOUS SERVICE;**

9                   **(IV) IF THE NOTICE IS SENT ELECTRONICALLY, A LINK THAT**  
10 **DIRECTS THE CONSUMER TO THE CANCELLATION PROCESS OR ANOTHER**  
11 **REASONABLY ACCESSIBLE ELECTRONIC METHOD THAT DIRECTS THE CONSUMER TO**  
12 **THE CANCELLATION PROCESS IF NO LINK EXISTS; AND**

13                   **(V) CONTACT INFORMATION FOR THE PERSON OR BUSINESS**  
14 **THAT MADE THE AUTOMATIC RENEWAL OFFER.**

15                   **(2) IF AN AUTOMATIC RENEWAL OFFER INCLUDES A FREE GIFT OR**  
16 **TRIAL, THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL**  
17 **BE PROVIDED NOT LESS THAN 3 DAYS AND NOT MORE THAN 21 DAYS BEFORE THE**  
18 **DATE ON WHICH THE AUTOMATIC RENEWAL IS SCHEDULED TO TAKE EFFECT.**

19                   **(3) IF THE CONSUMER HAS ACCEPTED AN AUTOMATIC RENEWAL**  
20 **OFFER WITH AN INITIAL TERM OF AT LEAST 1 YEAR, THE NOTICE REQUIRED UNDER**  
21 **PARAGRAPH (1) OF THIS SUBSECTION SHALL BE PROVIDED NOT LESS THAN 15 DAYS**  
22 **AND NOT MORE THAN 45 DAYS BEFORE THE DATE ON WHICH THE AUTOMATIC**  
23 **RENEWAL IS SCHEDULED TO TAKE EFFECT.**

24                   **(D) A PERSON THAT MAKES AN AUTOMATIC RENEWAL OFFER MAY NOT**  
25 **AUTOMATICALLY CHARGE THE CONSUMER'S CREDIT CARD UNLESS CLEAR AND**  
26 **CONSPICUOUS NOTICE IS PROVIDED.**

27                   **(E) A VIOLATION OF THIS SECTION IS:**

28                   **(1) AN UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE WITHIN**  
29 **THE MEANING OF TITLE 13 OF THIS ARTICLE; AND**

30                   **(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS**  
31 **CONTAINED IN TITLE 13 OF THIS ARTICLE.**

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2   October 1, 2024.