

HOUSE BILL 107

I3

(5lr1355)

ENROLLED BILL

— *Economic Matters/Finance* —

Introduced by **Delegate Pruski**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

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 when the automatic renewal is scheduled to
8 take effect; prohibiting a person who makes an automatic renewal offer from
9 automatically charging a consumer's credit card unless certain conditions are met;
10 establishing that compliance with certain regulations or a certain license shall be
11 considered to be in compliance with this Act; establishing that a violation of this Act
12 is an unfair, abusive, or deceptive trade practice; and generally relating to automatic
13 renewals.

14 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



Article – Commercial Law
Section 13–301(14)(xlv)
Annotated Code of Maryland
(2013 Replacement Volume and 2024 Supplement)
(As enacted by Chapters 262, 454, 455, 460, 461, 463, and 962 of the Acts of the
General Assembly of 2024)

BY repealing and reenacting, without amendments,
Article – Commercial Law
Section 13–301(14)(xlv)
Annotated Code of Maryland
(2013 Replacement Volume and 2024 Supplement)
(As enacted by Chapters 262, 454, 455, 460, 461, 463, and 962 of the Acts of the
General Assembly of 2024)

BY adding to
Article – Commercial Law
Section 13–301(14)(xlv) and 14–1328
Annotated Code of Maryland
(2013 Replacement Volume and 2024 Supplement)

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

Article – Commercial Law

13–301.

Unfair, abusive, or deceptive trade practices include any:

(14) Violation of a provision of:

(xlv) Title 14, Subtitle 49 of this article; [or]

(xlv) Section 12–6C–09.1 of the Health Occupations Article; or

(XLVI) SECTION 14–1328 OF THIS ARTICLE; OR

14–1328.

(A) IN THIS SECTION, “AUTOMATIC RENEWAL” MEANS ANY CONTRACT, PLAN, OR AGREEMENT BETWEEN A CONSUMER AND A SELLER IN WHICH A PAID SUBSCRIPTION OR PURCHASING AGREEMENT IS AUTOMATICALLY RENEWED AT THE END OF A DEFINITE TERM OF MORE THAN 1 MONTH FOR A SUBSEQUENT TERM.

(B) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A PERSON MAY NOT MAKE AN AUTOMATIC RENEWAL OFFER TO A CONSUMER UNLESS THE PERSON:

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

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

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

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

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

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

(3) (I) A PERSON THAT MAKES AN AUTOMATIC RENEWAL OFFER SHALL ALLOW A CONSUMER WHO ACCEPTS THE OFFER TO TERMINATE THE AUTOMATIC RENEWAL BY PROVIDING THE CONSUMER A ~~SIMPLE, COST-EFFECTIVE, AND WIDELY AVAILABLE~~ COST-EFFECTIVE, TIMELY, AND EASY-TO-USE MECHANISM TO:

1. CANCEL THE AUTOMATIC RENEWAL;

2. AVOID BEING CHARGED OR AVOID BEING CHARGED AN INCREASED AMOUNT; AND

3. IMMEDIATELY STOP ANY RECURRING CHARGES.

(II) A MECHANISM UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MUST:

1. BE AT LEAST AS EASY TO USE AS THE MECHANISM THE CONSUMER USED TO CONSENT TO THE AUTOMATIC RENEWAL;

2. BE AVAILABLE THROUGH THE SAME MEDIUM THE CONSUMER USED TO CONSENT TO THE AUTOMATIC RENEWAL;

3. IN THE CASE OF CANCELLATION BY ELECTRONIC MEDIUM, BE EASY TO FIND ~~AND~~, NOT REQUIRE INTERACTION WITH A LIVE OR VIRTUAL REPRESENTATIVE UNLESS THE CONSUMER INTERACTED WITH A LIVE OR VIRTUAL REPRESENTATIVE TO CONSENT TO THE AUTOMATIC RENEWAL, ~~INCLUDING~~ AND INCLUDE:

A. A PROMINENTLY ~~LOCATED~~ PLACED DIRECT LINK OR BUTTON TO INITIATE THE CANCELLATION PROCESS, WHICH MAY BE LOCATED EITHER WITHIN A CUSTOMER ACCOUNT OR PROFILE OR WITHIN DEVICE OR USER SETTINGS; OR

B. ~~BY AN~~ AN IMMEDIATELY ACCESSIBLE TERMINATION E-MAIL FORMATTED AND PROVIDED BY THE BUSINESS OR PERSON THAT MADE THE AUTOMATIC RENEWAL OFFER THAT A CONSUMER MAY SEND WITHOUT ADDITIONAL INFORMATION;

4. IN THE CASE OF CANCELLATION BY TELEPHONE CALL, BE PROMPTLY PERFORMED THROUGH CALLS RECEIVED AT A ~~TOLL-FREE~~ TELEPHONE NUMBER THAT IS ANSWERED OR RECORDS MESSAGES AND THAT IS MADE AVAILABLE DURING NORMAL BUSINESS HOURS; AND

5. IN THE CASE OF CANCELLATION PERFORMED IN PERSON, BE PERFORMED IN A MANNER SIMILAR TO THE IN-PERSON METHOD THE CONSUMER USED TO CONSENT TO THE AUTOMATIC RENEWAL, WHICH MAY INCLUDE MAIL TO A POSTAL ADDRESS, IF THE PERSON BILLS THE CONSUMER AT THE CONSUMER'S POSTAL ADDRESS.

(III) THE ALTERNATIVE MECHANISMS DESCRIBED IN SUBPARAGRAPH (II) 3 AND 4 OF THIS PARAGRAPH MUST ALSO BE MADE AVAILABLE FOR AN IN-PERSON CANCELLATION UNDER SUBPARAGRAPH (II) 5 OF THIS PARAGRAPH.

(IV) 1. IF A CONSUMER HAS AN ACCOUNT WITH A BUSINESS, THE BUSINESS MAY REQUIRE THE CONSUMER TO ENTER ACCOUNT INFORMATION OR

OTHERWISE AUTHENTICATE THE ACCOUNT ONLINE BEFORE ONLINE TERMINATION OF THE AUTOMATIC RENEWAL OR CONTINUOUS SERVICE.

2. IF A CONSUMER IS UNWILLING OR UNABLE TO ENTER ACCOUNT INFORMATION OR OTHERWISE AUTHENTICATE THE CONSUMER'S ACCOUNT ONLINE BEFORE ONLINE TERMINATION OF THE AUTOMATIC RENEWAL OR CONTINUOUS SERVICE, THE CONSUMER MAY NOT BE PRECLUDED FROM AUTHENTICATING THE CONSUMER'S ACCOUNT OR TERMINATING THE AUTOMATIC RENEWAL OR CONTINUOUS SERVICE USING ANOTHER METHOD THAT THE BUSINESS PROVIDES IN A CLEAR AND CONSPICUOUS MANNER.

(C) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A PERSON THAT MAKES AN AUTOMATIC RENEWAL OFFER OR AN OFFER THAT INCLUDES A FREE GIFT OR TRIAL LASTING MORE THAN 14 DAYS SHALL, BEFORE THE END OF THE AUTOMATIC RENEWAL OR FREE TRIAL, PROVIDE CLEAR AND CONSPICUOUS NOTICE OF THE FOLLOWING:

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

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

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

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

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

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

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

(2) IF AN AUTOMATIC RENEWAL OFFER INCLUDES A FREE GIFT OR TRIAL LASTING MORE THAN 14 DAYS, THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE PROVIDED NOT LESS THAN 3 DAYS AND NOT

MORE THAN 21 DAYS BEFORE THE DATE WHEN THE AUTOMATIC RENEWAL IS SCHEDULED TO TAKE EFFECT.

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

(D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A PERSON THAT MAKES AN AUTOMATIC RENEWAL OFFER WITH AN INITIAL DEFINITE TERM OF MORE THAN 1 MONTH MAY NOT AUTOMATICALLY CHARGE THE CONSUMER'S CREDIT CARD UNLESS:

(1) ~~CLEAR~~ CLEAR AND CONSPICUOUS NOTICE IS PROVIDED TO THE CONSUMER; AND

(2) THE CONSUMER PROVIDES CONSENT TO THE AUTOMATIC CHARGE OF THE CONSUMER'S CREDIT CARD.

(E) A PERSON THAT COMPLIES WITH THE REQUIREMENTS FOR CONTRACT RENEWAL PROCEDURES ESTABLISHED BY THE STATE OR FEDERAL REGULATORY AGENCY THAT IS RESPONSIBLE FOR REGULATING THE PERSON OR THAT IS LICENSED UNDER TITLE 18 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE SHALL BE DEEMED TO BE IN COMPLIANCE WITH THIS SECTION.

(F) THIS SECTION DOES NOT APPLY TO:

(1) ~~ANY~~ ANY BUSINESS OR PERSON OR ANY AFFILIATE OF A BUSINESS OR PERSON WITH CONTRACT RENEWAL PRACTICES SUBJECT TO REGULATIONS, RULES, PROCEDURES, OR GUIDELINES ESTABLISHED BY THE MARYLAND INSURANCE ADMINISTRATION; ~~OR~~

(2) ANY ENTITY OR ANY AFFILIATE OF AN ENTITY REGULATED UNDER THE MARYLAND SERVICE CONTRACTS AND CONSUMER PRODUCTS GUARANTY ACT;
OR

~~(2)~~ (3) A SERVICE REGULATED BY:

(I) THE MARYLAND PUBLIC SERVICE COMMISSION;

(II) THE FEDERAL COMMUNICATIONS COMMISSION; OR

1 **(III) THE FEDERAL ENERGY REGULATORY COMMISSION.**

2 **(G) A VIOLATION OF THIS SECTION IS:**

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

5 **(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS**
6 **CONTAINED IN TITLE 13 OF THIS ARTICLE, EXCEPT ~~§ 13-408~~ §§ 13-408 AND 13-411**
7 **OF THIS ARTICLE.**

8 **(H) NOTHING IN THIS SECTION MAY BE CONSTRUED TO AUTHORIZE A**
9 **PRIVATE RIGHT OF ACTION UNDER THIS SECTION OR ANY OTHER LAW.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 ~~October~~ June 1, 2025 2026.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.