



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB1049

Testimony by Delegate Andrew Pruski

February 27, 2024 – Economic Matters Committee

What the Bill Does:

The purpose of Bill 1049 Consumer Protection - Automatic Renewals establishes a regulatory framework to govern “automatic renewals,” which the bill defines as 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 for a subsequent term. Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to civil and criminal penalty provisions.

Why the Bill is Important:

In numerous instances consumers are exposed to unfair, abusive, or deceptive trade practices in which there is a subscription or purchasing agreement is renewed. While intentional or not, this bill looks to improve consumer knowledge, disclosure, and transparency of transactions involving subscriptions or purchasing agreement.

To provide some specific details, the following are included in the bill:

- Require that consumers are provided with the terms of the 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, include the price that will be charged after the initial term ends or the manner in which the subscription or purchasing agreement will change at the end of the initial term
- Present consumers with an easily accessible disclosure of the methods that the consumer may use to cancel the automatic renewal; and allow the consumer to terminate the offer in a manner that does not delay, hinder, or obstruct the consumer’s ability to terminate the automatic renewal.
- Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.
- If the offer includes a free gift or trial, the offer must 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.

- updates provisions regarding if a person makes an automatic renewal offer online, especially as it pertains to communication and the mechanisms in which an individual can cancel their automatic renewal.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

HB1049 is very similar to legislation that are in effect in states such as California and Maine, so there are many retailers that are already following these same laws.

Why the Committee Should Vote Favorably:

In summery this bill is about fairness. This bill is designed to protect consumers from unfair and deceptive practices. HB1049 is very similar to legislation that are in effect in states such as California and Maine, so there are many retailers that are already following these same law.

On behalf of Maryland's consumers, I urge a favorable report on HB1049.