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January 21, 2025

The Honorable Pam Beidle
Chair
Senate Finance Committee
Maryland Senate
3 East Miller Senate Office Building
11 Bladen Street, Annapolis, MD 21401

RE: SB 49 (Gile) - Consumer Protection - Automatic Renewals - Oppose

Dear Chair Beidle and Members of the Committee,

On behalf of TechNet, I'm writing to provide remarks on SB 49 related to automatic renewals.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

Consumers sign up for automatic renewals as convenient, easy to use, and hassle-free options to continue services they value. Conceptually we agree with this bill and our members can work with legislation where the convenience we seek to ensure is tempered with responsible protections. However, we are opposed to SB 49 as currently drafted. It is important to establish clear, workable requirements for paid subscriptions that align with most other states' renewal notification obligations in the absence of a national standard. We agree that consumers should be provided a clear, up-front notice of the key terms and conditions of the service agreement for automatic renewals or continuous service programs.

However, this bill contains various provisions that would primarily require revisions and changes to user interfaces and stipulations on when and how some notifications are made specifically for Maryland consumers. We are asking that the criteria for the cancellations be aligned with numerous other states that have such laws. For example, we request terms such as "in temporal proximity to" and "cost effective,

timely and easy to use". "Cost-effective, timely and easy to use" is the term of art in most autorenewal laws already on the books. Additionally, we are seeking to narrow the scope of the bill by specifying that contracts apply only to personal, family, or household purposes. We want to avoid making potentially conflicting requirements for business-to-business and business-to-government contracts.

Further, SB 49 requires additional provisions regarding cancellations that are read as overly prescriptive as they could interfere with a consumer's ability to receive meaningful warnings about important information critical to their decision making. For example, a consumer needs to know that they may lose information in their account if they cancel, and how to deal with this challenge. They should be able to receive increased incentives from the company if the consumer will continue with the company, or warnings that the rates they have been enjoying as a continuing customer may not be available in the future. We do not want to see Marylanders prevented from receiving this important information when evaluating their cancellation choices.

The goal of a cancellation process is to be "cost effective, timely and easy-to-use" for the consumer. Several other states all use this standard and do not prescribe what the cancellation mechanisms must look like beyond that. Overly prescriptive requirements can have negative, unintended consequences. Prescriptive requirements are burdensome for companies, especially for smaller businesses and those operating in states other than Maryland. Present and future technology provides for alternative means of cancelling a contract and we want to avoid mandating specific practices, especially as the technology evolves and improves. For example, consumers, in some instances, can cancel by voice. The requirements in the bill may be burdensome for some businesses who may struggle to meet all of the requirements.

To further clarify that SB 49 doesn't allow for a private right of action, we're also requesting the following language on page 5, line 31, after "article":

- **There shall be no private right of action for a violation of this act, and a violation of this act shall not serve as the basis for a private right of action under any other provision of law.**

We are also requesting that the bill sponsor exempt entities regulated by the Public Service Commission.

Consumers want hassle-free services and businesses providing valuable consumer services want consistency in laws concerning automatic renewals and continuous services. In its current form, SB 49 imposes inconvenience and unnecessary costs on Maryland businesses, while also creating a regime that could be bothersome to consumers. Thank you for your consideration and we look forward to continuing these discussions with you.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic