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Maryland Should Implement Automatic Renewal Laws to Protect Consumers

Position Statement in Support of Senate Bill 49

Given before the Finance Committee

Consumer protection laws serve a critical function in regulating industries from deceptive and unlawful practices by businesses. One of the ways this can happen is through inconspicuous subscription renewals in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term, such as after a free trial. These automatic renewals are not always mentioned at the time of subscription, so consumers may unknowingly have subscribed for a longer period than they intended. **The Maryland Center on Economic Policy supports the Consumer Protection Automatic Renewals Act because it establishes a framework to regulate automatic subscriptions renewals and prohibit them without clarifying terms at the onset of the agreement.**

Nationwide, states are increasingly focusing on automatic renewals after legal settlements found that certain companies enrolled consumers in automatically renewing product subscriptions without first providing certain disclosuresⁱ. Additionally, The Federal Trade Commission (FTC) issued a final rule on October 16, 2024, making it easier for consumers to cancel their subscriptions, memberships, automatic renewals, among other recurring payment optionsⁱⁱ. Maryland should follow suit and require entities that offer automatic subscriptions renewals to follow these regulations and make cancellation clear and easy.

The bill prohibits certain entities from making an automatic renewal offer to a consumer unless the person presents the terms of the offer in a clear manner, the price after the initial term, and a clear and easy way to cancel said terms before the subscription or purchasing agreement is fulfilled. Furthermore, when individuals do make renewals, it clarifies the terms and notice periods for when the consumer must cancel, otherwise they are not charged. The legislation conforms with the FTC's "click to cancel" rule, so it will be easy for businesses to comply with.

Ultimately, these regulations protect consumers from inadvertently paying for services that they did not sign up for or for longer than intended. **We respectfully request the committee to make a favorable report on SB 49.**

ⁱ <https://www.classaction.org/news/2.5m-total-security-settlement-resolves-class-action-lawsuit-over-software-subscription-auto-renewals>

ⁱⁱ <https://www.crowell.com/en/insights/client-alerts/ftcs-new-click-to-cancel-and-what-it-means-for-businesses-with-any-form-of-subscription-membership-or-auto-renew-or-recurring-payment-program>