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**Testimony to the Senate Finance Committee**  
**SB 49 – Consumer Protection– Automatic Renewals**  
**Position: Favorable**

The Honorable Pam Beidle  
Senate Finance Committee  
3 East, Miller Senate Building  
Annapolis, MD 21401

Jan. 23, 2025

cc: Members, Senate Finance Committee

**Honorable Chair Beidle and Members of the Committee:**

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **SB 49** because it takes important steps to protect Marylanders against automatic renewal practices that can be very costly and frustrating for many consumers. Fundamentally, the bill is about transparency and making sure consumers have the opportunity to make an informed choice about whether they want to renew or continue their purchase of a subscription service – and have convenient and consumer-friendly ways to cancel if they so choose.

The kind of marketing this bill would address (often called negative-option marketing) regularly uses deceptive practices to get people to sign up for products they may not really want or to turn attractive trial offers or short-term subscriptions into enduring and costly obligations. While automatic renewals can be a convenient way for consumers to maintain access to a useful service, too often the contracts renew without giving purchasers an opportunity to consider whether they want to keep paying for them or giving consumers a straightforward option to cancel.

Consumer frustration with these practices is commonplace. In 2020 the Better Business Bureau reported it had received 58,400 consumer complaints about “free trials” and automatic renewals over the last three years.<sup>1</sup> The Federal Trade Commission (FTC) last year reported receiving more than 70 complaints a day about such practices. The New York Times (\$3.9 million), the Washington Post (\$6.7 million), weight-loss marketer Noom (\$62 million), Sirius XM (\$3.8 million), Vonage (\$100 million), McAfee (\$80 million), TransUnion, and Epic Games (\$520 million) are among the well-known marketers that have had to pay multi-million settlements for such practices over the last several years.

In response to consumer concerns, the FTC and many state legislatures have taken strong steps to rein-in automatic renewal abuses. After years of consideration, the FTC in October announced a new “Click to Cancel” rule that would require informed consent, crack down on misinformation, and guarantee consumers have an easy way to cancel renewing subscriptions.<sup>2</sup> While the new

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<sup>1</sup> <https://stateline.org/2022/03/04/it-turns-out-state-lawmakers-hate-auto-renew-contracts-too/>

<sup>2</sup> <https://www.ftc.gov/news-events/news/press-releases/2024/10/federal-trade-commission-announces-final-click-cancel-rule-making-it-easier-consumers-end-recurring>



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federal rule offers important protections (scheduled to take effect in May), it does not offer all of the protections **SB 49** would provide. At the same time, court challenges and hostility from the incoming Trump administration make it far from clear that the FTC’s rule will ever take effect.<sup>3</sup>

More than 20 states have also now acted to regulate automatic renewal contracts – and states including California, New York, Maine, and Virginia have established fairly rigorous requirements in recent years. But in Maryland, while some of these negative-option marketing practices may violate the MD Consumer Protection Act’s prohibition on unfair and deceptive trade practices, the state is yet to take clearer steps to rein-in abusive automatic renewal practices.

**SB 49** takes a number of important steps to ensure consumers can make an informed choice about renewing their obligations. It mandates, among other things, that automatic renewal contracts must:

- Present their terms in a clear and conspicuous way before the consumer signs on.
- Give consumers clear information about how they may cancel.
- Allow consumers to end their subscription without undue delay or difficulty.
- Explain clearly the prices and terms that will take effect once a free trial period expires.
- Provide a widely-accessible mechanism (i.e. toll-free number or an email address or a direct link in a consumer’s account) for cancelling the contract.
- Give consumers timely notice of when a free trial period will end, that the contract will renew unless cancelled by that date, and also about how they can cancel.

Importantly, the bill also requires merchants using automatic renewals to give clear, conspicuous, and timely notice to consumers before making an automatic charge to our credit cards. Unfortunately, the FTC chose to omit such a common-sense obligation from its new “Click to Cancel” rule; so even if that rule is fully implemented, it will not require that we be notified before being assessed a renewal charge.

The bill strengthens consumer protections by making failing to live up to the obligations noted above is an unfair and deceptive practice under Maryland’s Consumer Protection Act (although unfortunately, as drafted, it would prevent consumers from having a private right of action to enforce their rights under that law).

Broadly modeled on legislation that states like California and Maine have used effectively to protect consumers against automatic renewal abuses, this bill nevertheless will give consumers considerable (and overdue) added protections under state law against a common form of abuse.

**We strongly support SB 49 and ask you to give it a FAVORABLE report.**

Sincerely,  
Franz Schneiderman  
Consumer Auto

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<sup>3</sup> <https://www.usatoday.com/story/money/2025/01/14/ftc-click-to-cancel-rule-get-canceled/77671809007/>