

testimony2025sb49.pdf

Uploaded by: Franz Schneiderman

Position: FAV



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.¹ 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.² While the new

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

² <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>



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.³

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.

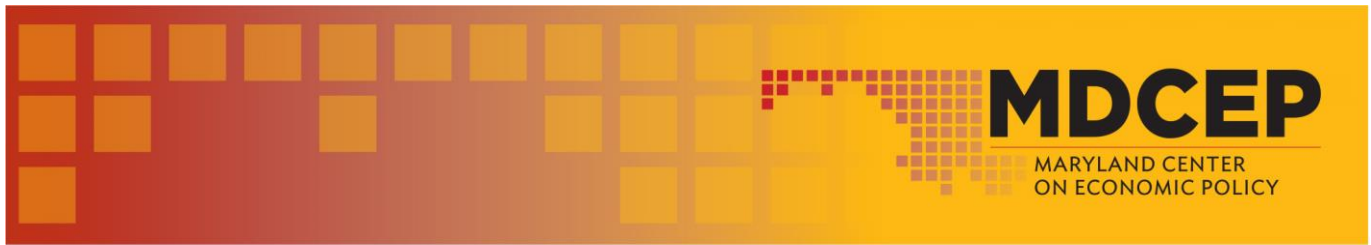
Sincerely,
Franz Schneiderman
Consumer Auto

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

SB 49_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV



JANUARY 23, 2025

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>

DG Written Testimony_SB0049.docx.pdf

Uploaded by: Senator Gile

Position: FAV

DAWN D. GILE
Legislative District 33
Anne Arundel County

Finance Committee

Chair

Anne Arundel County
Senate Delegation



Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3568 · 301-858-3568
800-492-7122 Ext. 3568
Dawn.Gile@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB0049 - Consumer Protection – Automatic Renewals

SB0049 would establish 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 transaction 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 way 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. 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.
- Makes clear that the methods to cancel must be as easy to use and offered through the same mediums as was the offer to initially enroll.

The Consumer Protection Division is responsible for enforcing the 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.

SB0049 is very similar to legislation that is in effect in states such as Maine and California and builds on the final rule that the Federal Trade Commission published last year, so there are many retailers that are already following these same laws.

During the last legislative session, I introduced a similar bill, SB1040, which was cross-filed with HB1049. HB1049 received overwhelming support in the House of Delegates, passing with fewer than ten votes in opposition. This year, I am optimistic that SB0049 will garner similar strong bipartisan support and move forward successfully.

Per the Fiscal Note, this bill will not require additional state resources. For these reasons, I respectfully request a favorable report on SB0049.

ZG SB49 Automatic Renewal EconAction FAV.docx (1).

Uploaded by: Zoe Gallagher

Position: FAV



**Testimony to the Senate Finance Committee
SB49 Consumer Protection - Automatic Renewals
Position: Favorable**

January 23, 2025

The Honorable Pam Beidle Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance Committee

Honorable Chair Beidle and members of the committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights, equity and housing justice for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

I am writing to urge your favorable report toward SB49 which provides clarity and transparency to contracts which renew. Subscription models have increased as a business practice over the past decade. In these models, consumers sign up for a service, often a trial subscription, and are charged monthly for the service or product. Unfortunately, many businesses have not made it clear that consumers are signing up for a monthly debit from their bank account or charge, while others make it onerous and time-consuming to cancel the subscription.

To address these deceptive practices, the Federal Trade Commission (FTC) issued a 'click-to-cancel' rule which makes it as easy for consumers to cancel subscriptions as it is to sign up for one. The rule took effect early this year but may be rescinded or weakened under the new administration.¹

SB49 hews closely to the FTC rule and is similar to laws in more than 20 states on automatic renewals². The legislation provides commonsense transparency and clarity to these subscription contracts.

¹ [Will 'click to cancel' get canceled? FTC rule faces uncertain fate](#)

² *ibid*

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494
info@econaction.org · www.econaction.org
Tax ID 52-2266235

Economic Action Maryland Fund is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.



Specifically, the legislation:

- 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.

SB49 makes violations of these terms a violation of the MDCPA.

For all these reasons we support SB49 and urge a favorable report.

Best,

Zoe Gallagher,
Policy Associate

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494
info@econaction.org · www.econaction.org
Tax ID 52-2266235

Economic Action Maryland Fund is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.

MD Auto-Renew Testimony (HB 49) - DoorDash - FWA.p

Uploaded by: Caitlin McDonough

Position: FWA

January 21, 2025



The Honorable Pamela Beidle

Chair

Senate Finance Committee

Maryland Senate

3 East Miller Senate Office Building

Annapolis, Maryland 21401

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

Dear Chair Beidle and Members of the Committee,

Thank you for the opportunity to testify today on behalf of DoorDash regarding Senate Bill 49.

DoorDash is a technology company that connects consumers to the best of their local communities. We are deeply committed to consumer transparency, ensuring that customers have clear and accurate information to make informed decisions. We strive to provide transparency across all the products and services we offer, including our subscription savings program. By prioritizing openness and accountability, we aim to build trust and deliver a seamless experience for our customers every day.

To that end, while we are firmly aligned on the need for full transparency in auto-renewal contracts, we have several concerns with SB 49 as drafted. While we share the sponsor's commitment to promoting transparency in subscription auto-renewals, we oppose the bill in its current form due to provisions that are vague, ambiguous, or may degrade the consumer experience. We appreciate your effort to address this important issue and look forward to collaborating to improve the legislation.

First, the requirement in Section B(1)(II) for businesses to disclose all cancellation methods at the point of signup is problematic. For businesses offering multiple cancellation options, this could overwhelm consumers with excessive information, detracting from their overall experience. Additionally, it is impractical to disclose all methods in space-constrained environments, such as app settings. We propose amending the bill to require businesses to disclose at least one cancellation method at signup, balancing transparency with usability.

January 21, 2025

Second, the language in Section B(3)(II)(3.) (A) requiring a “direct link” is vague and could lead to inconsistent interpretations. To ensure clarity and practicality, we recommend specifying that the “direct link” should lead to the initiation of the cancellation process. This clarification aligns with the bill’s intent to simplify cancellations for consumers while ensuring they have the opportunity to explore alternative options, such as discounts, promotions, or temporary pauses.

Third, the notice requirements in Section D are unclear and appear redundant with other notice obligations already outlined in the bill. To avoid confusion and ensure clarity in implementation, we recommend striking Section D.

At DoorDash, we remain committed to transparency and delivering the best possible experience for our consumers. We believe that by refining the language in SB 49 to address these concerns, the legislation can better achieve its goals without creating unnecessary burdens or confusion.

Thank you for your consideration. We look forward to working with the committee to address these issues.

Sincerely,
Chad Horrell
Senior Manager, DoorDash

MD SB 49 Testimony- RELX - FWA.pdf

Uploaded by: Caitlin McDonough

Position: FWA

January 21, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
Senate Office Building,
3 East Miller St.
Annapolis, MD 21401

Re: SENATE BILL 49 – CONSUMER PROTECTION- AUTOMATIC RENEWALS (Favor with Amendment)

Dear Chair Beidle and Members of the Senate Finance Committee:

I am writing on behalf of LexisNexis Risk Solutions (“LexisNexis”), a leading provider of credential verification and identification services for government agencies, Fortune 1000 businesses, and the property and casualty industry, to express concerns with Senate Bill 49, as introduced. While LexisNexis appreciates and supports Maryland’s efforts to provide practical and effective consumer protections for automatic contract renewals, we join with industry in seeking clarifications in the proposed law to ensure the language accurately reflects the intention of the legislation.

Specifically, LexisNexis respectfully requests that the Committee consider amending the proposed legislation to define “**consumer**” as “**any individual who seeks or acquires, by purchase or lease, any goods, services, money, or credit for personal, family, or household purposes.**” The intention of the legislation is to protect consumers from confusing, overly complicated, and predatory contract renewal processes. As currently drafted, the legislation could create conflicting and unnecessary requirements for business-to-business and business-to-government contracts. This proposed definition of consumer will help prevent unintended consequences.

LexisNexis takes this opportunity to thank Senator Gile for her hard work in this space. Thank you for your consideration of LexisNexis’ feedback on the proposed legislation.

Please let us know if we can answer any questions or provide any additional information.

Respectfully submitted,

Jeffrey Shaffer
Manager, Government Affairs, Mid-Atlantic
RELX (parent company of LexisNexis Risk Solutions)
1150 18th Street, NW, Suite 600
Washington DC, 20036
Mobile: 202-286-4894
Email: Jeffrey.shaffer@relx.com

NCL MD SB49 support letter.pdf

Uploaded by: Eden Iscil

Position: FWA



January 21, 2025

The Honorable Pamela Beidle, Chair
Senate Finance Committee
Maryland General Assembly
3 East Miller Senate Office Building
Annapolis, MD 21401

RE: NCL support for SB 49 (Consumer Protection-Automatic Renewals)

Dear Chair Beidle,

On behalf of the National Consumers League (NCL), the nation's oldest consumer advocacy organization, I write to express our strong support for SB 49 (cross-filed with HB 107), a bill introduced by Senator Gile that would promote fairness in the marketplace for automatically-renewing subscription contracts.¹ As an organization that has long championed consumer rights and the protection of vulnerable populations from unfair, abusive, and deceptive trade practices, we are pleased to see Maryland considering such important legislation. We urge the committee to favorably report the measure with amendments to strengthen the legislation even further.

The average consumer pays two-and-a-half times what they originally estimated on monthly subscriptions.² When an individual attempts to cancel an automatic renewal, they often encounter burdensome cancellation processes. One survey found that more than half of respondents reported an average of three months to cancel unwanted recurring payments.³ That same study discovered that 71% of individuals lost more than \$600 a year in unwanted payments.

¹ "Consumer Protection – Automatic Renewals," *Maryland General Assembly*, accessed January 21, 2025. <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0049>

² "Subscription Service Statistics and Costs," *C+R Research*, May 18, 2022. <https://www.cresearch.com/blog/subscription-service-statistics-and-costs/>

³ "Survey from Chase Reveals That Two-Thirds of Consumers Have Forgotten About At Least One Recurring Payment In The Last year," *Chase*, April 1, 2021. <https://media.chase.com/news/survey-from-chase-reveals>

NCL has been an active supporter of auto-renewal protections in other jurisdictions, including at the Council of the District of Columbia⁴ and the Federal Trade Commission,⁵ where rules set clear guidelines for both the provision and cancellation of automatically renewing subscription contracts. These measures were designed to enhance transparency, prevent deceptive practices, and ensure that consumers are able to easily cancel such subscriptions without unnecessary obstacles or undue financial burdens. We believe that SB 49, which reflects many of these same principles, is a step in the right direction toward safeguarding Maryland consumers from exploitation through automatic renewal clauses that can trap them into paying for services they no longer wish to receive or did not realize they signed up for in the first place.

While the Federal Trade Commission has finalized its click-to-cancel rule to take effect nationwide,⁶ the future of this federal regulation is uncertain as a new presidential administration and new majorities in Congress have the means to undo the critical consumer protection. Regardless of the federal regulation's status, Maryland has the opportunity to enact even stronger protections for its citizens through SB 49.

Compared to the federal rule, Senator Gile's legislation goes further in protecting Marylanders by requiring sellers to provide an annual notice to consumers enrolled in an autorenewal plan, clearly reminding them of the terms of the plan and the cancellation methods available. Additionally, SB 49 includes safeguards against free trial conversion traps, a provision that is absent in the federal regulation.

There are however a few improvements that the committee should implement to better protect Maryland consumers.

First, require sellers to obtain a separate consent solely for the automatically renewing piece of the product, apart from any other transaction. Consumers too often believe they are purchasing a product without knowing that they are signing up for a subscription. While the clear and conspicuous disclosures proposed in SB 49 will go a long way in reducing this unfair, abusive, and deceptive trade practice, requiring separate consent for the subscription should significantly reduce any remaining confusion.

Second, require sellers to provide a notice to consumers before each automatic and recurring payment. While the annual notice in the bill is commendable, providing the same reminder

⁴ "D.C. Law 22-235. Structured Settlements and Automatic Renewal Protections Act of 2018," *Council of the District of Columbia*, March 13, 2019. <https://code.dccouncil.gov/us/dc/council/laws/22-235>

⁵ "NCL welcomes FTC's click-to-cancel rule," *National Consumers League*, October 17, 2024. <https://nclnet.org/ncl-welcomes-ftcs-click-to-cancel-rule/>

⁶ "Federal Trade Commission Announces Final 'Click-to-Cancel' Rule Making It Easier for Consumers to End Recurring Subscriptions and Memberships," *Federal Trade Commission*, October 16, 2024. <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>

(including the terms of the plan, the amount to be charged, and the cancellation methods) before each recurring payment—whether they be annually, monthly, or similarly regular basis—would greatly lessen consumer harm.

Third, prohibit sellers from obtaining a consumer’s credit card information to begin a free trial. Too many dishonest businesses enroll consumers in free trial conversion traps, using pre-given credit card information and hidden consent for the conversion to a paid subscription. SB 49’s notice requirement before conversion should dissuade this practice, prohibiting sellers from requiring consumers to provide their credit card information to begin a free trial would eliminate this unfair, abusive, and deceptive practice entirely.

Lastly, remove the deferral to federal regulation in subsection E (lines 20 through 23 on page 5). SB 49 in its current form already includes a number of additional safeguards missing in the federal regulation. Allowing covered entities to escape their obligations under Maryland law as long as they adhere to the lesser requirements in the federal regulations would be unnecessarily self-limiting. The Federal Trade Commission itself included a deferral *to the states* in its regulation, stating in 16 CFR § 425.7

(a) In general. This part shall not be construed as superseding, altering, or affecting any State statute, regulation, order, or interpretation relating to negative option requirements, except to the extent it is inconsistent with the provisions of this part, and then only to the extent of the inconsistency.

(b) Greater protection under State law. For purposes of this section, a State statute, regulation, order, or interpretation is not inconsistent with the provisions of this part if it affords any consumer greater protection than provided under this part.⁷

NCL applauds Senator Giles for her leadership on this issue and appreciates the committee’s work to protect Maryland consumers. By enacting SB 49, Maryland would join a growing list of states and localities working to curb the negative effects of automatic renewal schemes and ensure that businesses are held accountable for their marketing and contract practices. NCL supports SB 49 and urges the committee to strengthen the bill even further before favorably reporting the measure.

Should you or your colleagues have any questions, please do not hesitate to contact me at your convenience.

Sincerely,

⁷ “Part 425—Rule Concerning Recurring Subscriptions and Other Negative Option Programs,” *Code of Federal Regulations*, January 16, 2025. <https://www.ecfr.gov/current/title-16/chapter-I/subchapter-D/part-425>

Eden Iscil
Senior Public Policy Manager
National Consumers League
edeni@nclnet.org

cc: The Honorable Antonio Hayes, Vice Chair, Senate Finance Committee
The Honorable Dawn Gile
The Honorable Andrew Pruski

SB 49 Consumer Protection - Auto Renewals.pdf

Uploaded by: Rob Garagiola

Position: FWA



**Testimony of
Mike Blank
CTIA**

**Seeking Amendment to
SB 49 – Automatic Renewal**

**Before the
Maryland Senate Finance Committee**

January 23, 2025

On behalf of CTIA, the trade association for the wireless communications industry, I write to you to outline concerns and request clarifying language related to SB 49, regarding cancellation of subscriptions and automatic renewal. Because we do not believe wireless service providers are the intended target of this legislation, CTIA respectfully requests clarifying language, so the bill does not inadvertently impact wireless providers which offer services that renew on a month-to-month basis.

Our main concern is that the bill includes a requirement to allow customers to cancel a subscription online. This requirement could lead to customers inadvertently cancelling their phone service, resulting in the loss of service and even their phone number. Instead, cancellations for wireless service should be done through interaction with a customer service representative to ensure these risks are understood. Too, mobile service is unique in that customers generally do not cancel their wireless service entirely but typically choose to move to another carrier. Customers may move their mobile service to a new carrier by “porting” their number and beginning service with a new wireless provider at any time without ever having to speak with their current provider. As a result, our customers do not encounter the kinds of obstacles to cancellation this legislation seeks to address.



Importantly, the Federal Communications Commission (FCC) is the primary regulator of wireless carriers. Our members are not only subject to FCC regulations governing number porting, but transparency in wireless carriers' billing and terms of service. Other states, including Oregon¹ and Minnesota², have acknowledged the need to ensure that wireless service is not impacted when they have passed its law regarding automatic renewals. Accordingly, CTIA respectfully requests that Maryland follow this sound policy and specifically exempt wireless service.

Since 2003, CTIA's Consumer Code for Wireless Service has been an integral part of delivering superior customer service to wireless consumers. The Code – which is followed in all 50 states – has helped consumers make informed decisions when selecting a wireless plan and has contributed to the continued competitiveness within the wireless industry. The Code affords wireless providers the flexibility to respond to changes in consumer demand.

Wireless carriers that are signatories to the Code have committed to voluntarily adhere to a set of industry standard principles. These principles include agreeing to disclose to consumers at point of sale and on their web sites whether a fixed-term contract is required and its duration; the amount and nature of any early termination fee that may apply; and the trial period during which a consumer may cancel service without any early termination fee, as long as the consumer complies with any applicable return policy, in addition to providing ready access to customer service. The Code has helped consumers make informed decisions when selecting a wireless plan and has contributed to the continued competitiveness within the wireless industry. The wireless industry continues to make changes to its customer facing policies to remain competitive in the marketplace and adding

¹ Or. Rev. Stat. §§ 646A.292 to 646A.295

² Minnesota SF 3920 (2024) Section 9(4)



exemption language like other states will allow continued consumer choice without the potential for additional consumer confusion.

Thank you for your consideration.

SB 49 - Automatic Renewals - CPD - Support.pdf

Uploaded by: Steven M. Sakamoto-Wengel

Position: FWA



CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

PETER V. BERNIS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

STEVEN M. SAKAMOTO-WENGEL
*Consumer Protection Counsel for
Regulation, Legislation and Policy*

January 23, 2025

TO: The Honorable Pamela Beidle, Chair
Senate Finance Committee

FROM: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: Senate Bill 49 – Consumer Protection – Automatic Renewals – SUPPORT
WITH AMENDMENTS

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 49, sponsored by Senator Gile, with an amendment discussed below. This bill establishes protections for consumers who enter into a contract with an automatic renewal or a free trial period. Senate Bill 49 will help to reduce the number of complaints from consumers who are stuck in contracts that renewed automatically without the consumers' knowledge.

Parties should be able to make a fully informed decision as to whether they want to continue to do business with each other rather than be surprised into another term of a contract they no longer wish to be in. Under this bill, businesses selling contracts that make an automatic renewal must include clear notice that the contract will renew if the consumer does not cancel. If the length of the initial contract is for a year or more, notice must be provided between 15 and 45 days before the renewal date. The business must also provide the terms of the renewal as well as the means by which a consumer may easily cancel should they choose. Senate Bill 49 would conform the methods of cancellation to the Federal Trade Commission's "Click to Cancel" rule so businesses should be able to easily comply the bill's cancellation requirements.

In addition, if companies offer a "free trial" as part of the automatic renewal, they must state the price that will be incurred and any changes that may occur after the free trial period ends. This notice must be provided between 3 and 15 days before the renewal.

Senate Bill 49 is comparable to laws in effect in California and Maine, so the bill's notice and cancellation provisions should not be substantially different from requirements that retailers are currently following in those states. Last session, Delegate Pruski and Senator Gile held discussions with stakeholders to address concerns they raised about the bill as introduced and Senate Bill 49 incorporates numerous amendments that address those concerns.

The Division does have concerns, however, that Senate Bill 49 excludes the private right of action under § 13-408 of the Consumer Protection Act, which means that consumers who are harmed by violations of the bill's requirements can only obtain relief if the Division is able to bring an enforcement action. However, due to limited resources, the Division must weigh which violations of the Consumer Protection Act to prioritize for enforcement, so it is likely that consumers who are stuck paying for renewals of contracts because they weren't given the required notice, or because the business made it exceedingly difficult to cancel the contract, will be left without recourse. Accordingly, the Division requests that SB 49 be amended to allow victims to recover their actual damages by striking "EXCEPT § 13-408 OF THIS ARTICLE" on page 5, line 31 of the bill.

By providing notice in advance and allowing a consumer to make an informed decision, both parties share the benefit of a healthy business relationship. For these reasons, the Consumer Protection Division asks that the Senate Finance Committee return a favorable report on this bill with the amendment discussed.

cc: The Honorable Dawn Gile
Members, Finance Committee

SB 49_Consumer Protection_Automatic Renewals_UNFAV

Uploaded by: Grason Wiggins

Position: UNF



Senate Bill 49

Date: January 23, 2025

Committee: Senate Finance

Position: Opposed

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

The Maryland Chamber appreciates the intent of Senate Bill (SB 49), but as drafted, the bill would establish a regulatory framework for automatic renewals of subscriptions and purchase agreements that exposes businesses to extensive civil fines and criminal penalties including imprisonment based on subjective thresholds.

SB 49 incorporates penalties under the Maryland Consumer Protection Act, which include civil fines of up to \$10,000 per violation and criminal penalties that include imprisonment not to exceed one year. Considering the incorporated penalties, the Maryland Chamber is particularly concerned with the subjective thresholds delineated in SB 49. For example, SB 49 requires electronic cancellation to be “easy to find” via a “prominently located direct link” and cancellation by telephone to be performed “promptly,” but SB 49 doesn’t clearly provide objective thresholds to determine when a link is easy to find or prominently located or whether a telephone cancellation has been performed promptly.

As drafted, SB 49 would misalign Maryland with other states and make it difficult for services to be provided to Maryland’s consumers. For example, SB 49’s broad application to subscriptions or purchase agreements with a subsequent term of more than one month would necessitate revisions to user interfaces and stipulations that only apply to Maryland. To better align Maryland with other states, foster compliance, and ensure that services are offered uninterrupted to Maryland’s consumers, the Maryland Chamber respectfully requests that the committee look to regulatory frameworks and thresholds in other states that have been proven to foster compliance.

Please note that the Maryland Chamber opposes the Office of the Attorney General’s requested amendment to establish a private right of action that would further expose businesses to liability. As previously noted, the Maryland Consumer Protection Act provides the Attorney General with significant enforcement tools to ensure compliance, including injunctive relief, extensive civil fines, and criminal penalties. As such, the Maryland Chamber respectfully requests that the Committee resist establishing a private right of action within SB 49.

Maryland businesses and consumers benefit from clear requirements for paid subscriptions that allow services to be offered without interruption to consumers. Moreover, a regulatory framework

that aligns Maryland with other states will foster compliance, ensure appropriate consumer protection, and shield Maryland's businesses from disproportionate liability. For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report on SB 49**.



[MD] SB 49_TechNet written_auto renew.pdf

Uploaded by: margaret durkin

Position: UNF



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

TechNet Mid-Atlantic | Telephone 717.585.8622
www.technet.org | @TechNetMidAtla1

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

MDDC UNFAV SB49.pdf

Uploaded by: Rebecca Snyder

Position: UNF



Maryland | Delaware | DC Press Association

P.O. Box 26214 | Baltimore, MD 21210

443-768-3281 | rsnyder@mddcpres.com

www.mddcpres.com

To: Finance Committee

From: Rebecca Snyder, Executive Director, MDDC Press Association

Date: January 21, 2025

Re: **SB49 - UNFAVORABLE**

The Maryland-Delaware-District of Columbia Press Association represents a diverse membership of news media, from large metro dailies like the Washington Post and the Baltimore Sun, to hometown newspapers such as The Annapolis Capital and the Frederick News Post to publications such as The Daily Record, Baltimore Jewish Times, and online-only publications such as The Baltimore Banner, MarylandMatters.com and Baltimore Brew.

The Press Association has concerns regarding HB107, which creates additional requirements and burdens for organizations that have automatic renewals. Many, if not all, of our members utilize automatic renewal terms for their subscription products. We agree that cancellations of subscriptions should be cost-effective, timely and easy to use for both the subscriber and the organization offering the subscription.

We suggest that the bill be amended in the following ways:

Add In Temporal Proximity. On Page 2, Line 25, replace "AT THE SAME TIME AS" with "IN TEMPORAL PROXIMITY TO", so the line reads "**OR IN THE CASE OF AN OFFER CONVEYED ORALLY, IN TEMPORAL PROXIMITY TO THE REQUEST FOR CONSENT TO THE OFFER...**" This replacement language is used in New York and Oregon to capture the idea that the offer must be in context but does not interrupt the time continuum to require that the renewal language happen at the exact same time as the offer.

Additionally, we believe that providing the cancellation methods at the start of the subscription through a retainable confirmation message rather than in "VISUAL PROXIMITY TO" would be beneficial to consumers as they would have a record of the information. Several other states have this method in place. The consumer doesn't need cancellation info when signing up but should be able to easily effectuate it after and with the reminders it is included.

Add Reasonably. On Page 3, Line 5 include "REASONABLY" before "DELAY, HINDER OR OBSTRUCT THE CONSUMER'S ABILITY TO TERMINATE THE AUTOMATIC RENEWAL." This will ensure that consumers can get timely information about their data or receive additional incentives to continue the subscription. This



We believe a strong news media is central to a strong and open society.

allows businesses to make a last attempt to keep the subscriber, without unduly hindering the cancellation.

Conform language to other states. Beginning in Page 3, Line 12, amend the phrase “SIMPLE, COST-EFFECTIVE AND WIDELY AVAILABLE MECHANISM” to read “COST-EFFECTIVE, TIMELY AND EASY TO USE MECHANISM.” This is the term used in multiple states, including New York, Oregon, Illinois and Virginia and would help create continuity in the standard.

Follow the FTC. We suggest eliminating Section (B)(3)(II), which runs from Page 3, Line 20 – Page 4, Line 17. This section describes the particulars of the cancellation options. Much of this section is outlier and forms of this are discussed and, in some cases, rejected in the FTC Rule that came out in 2024 but is under litigation. Since so many other states don’t have this language, it is not necessary. The key is that the mechanism must still be cost-effective, timely and easy to use. If not, it is a violation.

These changes will make the bill stronger for consumers and for businesses and we urge an unfavorable report if these changes are not incorporated.