

1 HB296
2 202478-1
3 By Representative Kiel
4 RFD: Commerce and Small Business
5 First Read: 20-FEB-20

SYNOPSIS: Existing law does not specifically require a company offering a free trial of products or services to make a clear declaration of what happens after the free trial concludes.

This bill would require a company offering a free trial of products or services to include in that offer a clear and conspicuous explanation of the price that will be charged after the trial period ends or the manner in which the subscription or purchasing agreement pricing will change upon the conclusion of the trial period.

A BILL
TO BE ENTITLED
AN ACT

Relating to consumer protection; to require clear and conspicuous notice to a consumer regarding a free trial period for a product or service and how the subscription or

1 purchasing agreement pricing will change upon the conclusion
2 of that trial period.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. (a) It shall be unlawful for any business
5 that makes an automatic renewal or continuous service offer to
6 a consumer in this state to do any of the following:

7 (1) Fail to present the automatic renewal offer
8 terms or continuous service offer terms in a clear and
9 conspicuous manner before the subscription or purchasing
10 agreement is fulfilled and in visual proximity, or in the case
11 of an offer conveyed by voice, in temporal proximity, to the
12 request for consent to the offer.

13 (2) Charge the consumer's credit or debit card, or
14 the consumer's account with a third party, for an automatic
15 renewal or continuous service without first obtaining the
16 consumer's affirmative consent to the agreement containing the
17 automatic renewal offer terms or continuous service offer
18 terms.

19 (3) Fail to provide an acknowledgment that includes
20 the automatic renewal or continuous service offer terms,
21 cancellation policy, and information regarding how to cancel
22 in a manner that is capable of being retained by the consumer.
23 If the offer includes a free trial, the business shall also
24 disclose in the acknowledgment how to cancel, and allow the
25 consumer to cancel, before the consumer pays for the goods or
26 services.

1 (b) A business that makes automatic renewal or
2 continuous service offers shall provide a toll-free telephone
3 number, electronic mail address, a postal address if the
4 seller directly bills the consumer, or another cost-effective,
5 timely, and easy-to-use mechanism for cancellation that shall
6 be described in the acknowledgment specified in subdivision
7 (3) of subsection (a).

8 (c) In the case of a material change in the terms of
9 the automatic renewal or continuous service offer that has
10 been accepted by a consumer in this state, the business shall
11 provide the consumer with a clear and conspicuous notice of
12 the material change and provide information regarding how to
13 cancel in a manner that is capable of being retained by the
14 consumer.

15 (d) The requirements of this section shall apply
16 only prior to the completion of the initial order for the
17 automatic renewal or continuous service, except as follows:

18 (1) The requirement in subdivision (3) of subsection
19 (a) may be fulfilled after completion of the initial order.

20 (2) The requirement in subsection (c) shall be
21 fulfilled prior to implementation of the material change.

22 Section 2. (a) It shall be unlawful for any business
23 that makes an automatic renewal offer or continuous service
24 offer to a consumer in this state to do any of the following:

25 (1) Fail to present the automatic renewal offer
26 terms or continuous service offer terms in a clear and
27 conspicuous manner before the subscription or purchasing

1 agreement is fulfilled and in visual proximity, or in the case
2 of an offer conveyed by voice, in temporal proximity, to the
3 request for consent to the offer. If the offer also includes a
4 free gift or trial, the offer shall include a clear and
5 conspicuous explanation of the price that will be charged
6 after the trial ends or the manner in which the subscription
7 or purchasing agreement pricing will change upon conclusion of
8 the trial.

9 (2) Charge the consumer's credit or debit card, or
10 the consumer's account with a third party, for an automatic
11 renewal or continuous service without first obtaining the
12 consumer's affirmative consent to the agreement containing the
13 automatic renewal offer terms or continuous service offer
14 terms, including the terms of an automatic renewal offer or
15 continuous service offer that is made at a promotional or
16 discounted price for a limited period of time.

17 (3) Fail to provide an acknowledgment that includes
18 the automatic renewal offer terms or continuous service offer
19 terms, cancellation policy, and information regarding how to
20 cancel in a manner that is capable of being retained by the
21 consumer. If the automatic renewal offer or continuous service
22 offer includes a free gift or trial, the business shall also
23 disclose in the acknowledgment how to cancel, and allow the
24 consumer to cancel, the automatic renewal or continuous
25 service before the consumer pays for the goods or services.

26 (b) A business that extends an automatic renewal
27 offer or continuous service offer shall provide a toll-free

1 telephone number, an electronic mail address, a postal address
2 if the seller directly bills the consumer, or it shall provide
3 another cost-effective, timely, and easy-to-use mechanism for
4 cancellation that shall be described in the acknowledgment
5 specified in subdivision (3) of subsection (a).

6 (c) In addition to the requirements of subsection
7 (b), a consumer who accepts an automatic renewal or continuous
8 service offer online shall be allowed to terminate the
9 automatic renewal or continuous service exclusively online,
10 which may include a termination email formatted and provided
11 by the business that a consumer can send to the business
12 without additional information.

13 (d) In the case of a material change in the terms of
14 the automatic renewal or continuous service that has been
15 accepted by a consumer in this state, the business shall
16 provide the consumer with a clear and conspicuous notice of
17 the material change and provide information regarding how to
18 cancel in a manner that is capable of being retained by the
19 consumer.

20 (e) The requirements of this section shall apply
21 only prior to the completion of the initial order for the
22 automatic renewal or continuous service, except as follows:

23 (1) The requirement in subdivision (3) of subsection
24 (a) may be fulfilled after completion of the initial order.

25 (2) The requirement in subsection (d) shall be
26 fulfilled prior to implementation of the material change.

1 Section 3. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.