

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2023-2024 Regular Session**

AB 2863 (Schiavo)  
Version: June 17, 2024  
Hearing Date: June 25, 2024  
Fiscal: No  
Urgency: No  
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**SUBJECT**

Automatic renewal and continuous service offers

**DIGEST**

This bill bolsters the consumer protections within the law governing automatic renewal and continuous services offers, including prohibitions on failing to obtain affirmative consent to the offer separate from the other terms of the contract. The bill requires more notice to consumers and a method for cancellation in the same medium as used in the initial transaction.

**EXECUTIVE SUMMARY**

An “automatic renewal” is a plan or arrangement in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term. “Continuous service” is defined as a plan or arrangement in which a subscription or purchasing agreement continues until the consumer cancels the service. Existing law lays out a series of consumer protective requirements for businesses that make available automatic renewal offers or continuous service offers. For instance, they require certain notifications before renewals occur and require notices of the clear terms and conditions of such offers.

Building on those laws, this bill provides additional protections for consumers in such contractual relationships with businesses. The bill makes it unlawful to engage in certain practices, including misrepresenting facts related to the transaction and failing to obtain affirmative consent to the offer separately from other portions of the contract. Among other things, the bill ensures that consumers are properly notified of the terms of their contracts and are able to cancel in the same way they signed up for the offer. The bill is sponsored by the Consumer Federation of California. It is supported by various organizations and local governmental entities, including the City of Santa Monica and the Los Angeles County District Attorney’s Office. It is opposed by various industry associations, including the California Chamber of Commerce and TechNet.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Expresses the intent of the Legislature to end the practice of ongoing charging of consumer credit or debit cards or third party payment accounts without the consumers' explicit consent for ongoing shipments of a product or ongoing deliveries of service. (Bus. & Prof. Code § 17600.)
- 2) Defines "automatic renewal" as a plan or arrangement in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term. "Continuous service" is defined as a plan or arrangement in which a subscription or purchasing agreement continues until the consumer cancels the service. (Bus. & Prof. Code § 17601(a) & (e).)
- 3) Makes it unlawful for any business that makes an automatic renewal offer or continuous service offer to a consumer in this state to fail to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity, or in the case of an offer conveyed by voice, in temporal proximity, to the request for consent to the offer. If the offer also includes a free gift or trial, the offer shall include a clear and conspicuous explanation of the price that will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial. (Bus. & Prof. Code § 17602(a)(1).)
- 4) Prohibits charging a consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time. (Bus. & Prof. Code § 17602(a)(2).)
- 5) Requires businesses making these offers to provide an acknowledgment that includes the automatic renewal offer terms or continuous service offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer. If the automatic renewal offer or continuous service offer includes a free gift or trial, the business shall also disclose in the acknowledgment how to cancel, and allow the consumer to cancel, the automatic renewal or continuous service before the consumer pays for the goods or services. (Bus. & Prof. Code § 17602(a)(3).)

- 6) Requires these businesses to provide a consumer with a notice, as provided for below, that clearly and conspicuously states all of the following:
  - a) That the automatic renewal or continuous service will automatically renew unless the consumer cancels.
  - b) The length and any additional terms of the renewal period.
  - c) One or more methods by which a consumer can cancel the automatic renewal or continuous service.
  - d) If the notice is sent electronically, the notice shall include either a link that directs the consumer to the cancellation process, or another reasonably accessible electronic method that directs the consumer to the cancellation process if no link exists.
  - e) Contact information for the business. (Bus. & Prof. Code § 17602(a)(4).)
  
- 7) Requires a business to provide a consumer with a notice, as specified above if either of the following is true:
  - a) The consumer accepted a free gift or trial, lasting for more than 31 days, that was included in an automatic renewal offer or continuous service offer or the consumer accepted an automatic renewal offer or continuous service offer at a promotional or discounted price, and the applicability of that price was more than 31 days.
    - i. The notice shall be provided at least 3 days before and at most 21 days before the expiration of the predetermined period of time for which the free gift or trial, or promotional or discounted price, applies.
    - ii. An offer shall be exempt from the requirements under this paragraph if the consumer does not enter into the contract electronically and the business has not collected or maintained the consumer's valid email address, phone number, or another means of notifying the consumer electronically.
    - iii. For purposes of this paragraph, "free gift" does not include a free promotional item or gift given by the business that differs from the subscribed product.
  - b) The consumer accepted an automatic renewal offer or continuous service offer with an initial term of one year or longer, that automatically renews unless the consumer cancels the automatic renewal or continuous service. In this case, the notice shall be provided at least 15 days and not more than 45 days before the automatic renewal offer or continuous service offer renews. If both conditions are met, only this notice is required. (Bus. & Prof. Code § 17602(b).)
  
- 8) Requires a business that makes an automatic renewal offer or continuous service offer to provide a toll-free telephone number, email address, a postal address if the seller directly bills the consumer, or it shall provide another cost-effective,

timely, and easy-to-use mechanism for cancellation that shall be described in the acknowledgment specified above. (Bus. & Prof. Code § 17602(c).)

- 9) Requires, in addition to the above notice requirements, a business that allows a consumer to accept an automatic renewal or continuous service offer online to allow a consumer to terminate the automatic renewal or continuous service exclusively online, at will, and without engaging any further steps that obstruct or delay the consumer's ability to terminate the automatic renewal or continuous service immediately. The business shall provide a method of termination that is online in the form of either of the following:
  - a) A prominently located direct link or button which may be located within either a customer account or profile, or within either device or user settings; or
  - b) By an immediately accessible termination email formatted and provided by the business that a consumer can send to the business without additional information. (Bus. & Prof. Code § 17602(d)(1).)
- 10) Applies these termination requirements only to the automatic renewal terms and continuous service terms of the contract. The remaining provisions of the contract continue to be governed by all applicable laws and regulations. (Bus. & Prof. Code § 17602(d)(2).)
- 11) Provides that the requirements apply only prior to the completion of the initial order for the automatic renewal or continuous service, except as provided. (Bus. & Prof. Code § 17602(e).)
- 12) Establishes, the federal Restore Online Shoppers' Confidence Act, which prohibits certain unfair and deceptive internet sales practices, restricts negative option marketing, and provides for both federal and state enforcement. (15 U.S.C. § 8401 et seq.)

This bill:

- 1) Amends the definition of "automatic renewal" to mean a plan, arrangement, or provision of a contract that contains in which a free-to-pay conversion or in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term.
- 2) Amends the definition of "continuous services" to mean a plan, arrangement, or provision of a contract that contains a free-to-pay conversion or in which a paid subscription or purchasing agreement continues until the consumer cancels the service.
- 3) Defines the following terms:

- a) "Free-to-pay conversion" means, in an offer or agreement to sell or provide any goods or services, a provision under which a customer receives a product or service for free for an initial period and will incur an obligation to pay for the product or service if they do not take affirmative action to cancel before the end of that period.
  - b) "Normal business hours" means no fewer than 12 hours between 6 a.m. to 10 p.m., inclusive, Pacific Standard Time or Pacific daylight saving time, as applicable, of each day from Monday to Friday, inclusive, other than state holidays.
- 4) Makes it unlawful for a business that makes an automatic renewal offer or continuous service offer to do the following:
- a) Fail to obtain the consumer's affirmative consent to the automatic renewal or continuous service separately from any other portion of the contract.
  - b) Include any information in the contract that interferes with, detracts from, contradicts, or otherwise undermines the ability of consumers to provide their affirmative consent to the automatic renewal or continuous service.
  - c) Fail to maintain verification of the consumer's affirmative consent for at least three years, or one year after the contract is terminated, whichever period is longer.
  - d) Misrepresent, expressly or by implication, any material fact related to the transaction, including, but not limited to, the inclusion of an automatic renewal or continuous service, or any material fact related to the underlying good or service.
- 5) Amends the existing notice requirement to require it be provided before confirming the consumer's billing information. The notice is also required to state the amount or range of costs the consumer will be charged and, if applicable, the frequency of those charges a consumer will incur unless the consumer takes timely steps to prevent or stop those charges.
- 6) Requires a business, if it provides a mechanism for cancellation by toll-free telephone number, to answer calls promptly during normal business hours and prohibits the business from obstructing or delaying the consumer's ability to cancel the automatic renewal or continuous service.
- 7) Providing a discount offer or other consumer benefit or informing a consumer of the effect of the cancellation shall not be considered unreasonable obstruction or delay, provided that the consumer remains able to cancel or terminate the automatic renewal or continuous service.
- 8) Provides that the ability to cancel or terminate an automatic renewal or continuous service shall be available to the consumer in the same medium that the consumer used in the transaction that resulted in the activation of the

automatic renewal or continuous service or in the same medium in which the consumer is accustomed to interacting with the business, including in person, by telephone, by mail, or by email. If the activation was by telephone, a telephone number that is capable of being retained by the consumer shall be available to the consumer to cancel or terminate the automatic renewal or continuous service and clearly and conspicuously displayed on the company's website.

- 9) Provides that in the case of a change in the fee charged under an existing automatic renewal or continuous service offer accepted by a consumer in this state, including changes the consumer affirmatively consented to in an existing plan or arrangement, the business shall provide, no less than seven days and no more than 30 days before the fee change takes effect, the consumer with both of the following:
  - a) A clear and conspicuous notice of the fee change.
  - b) Information regarding how to cancel in a manner that is capable of being retained by the consumer.
  
- 10) Requires a business to send an annual reminder to a consumer under an annual automatic renewal agreement or continuous service agreement with the business in the same medium that resulted in the activation, or in the same medium which the consumer is accustomed to interacting with the business. For originally in-person or voice-based transactions, the business shall send the reminder by telephone, mail, or any internet-based communication. This reminder must disclose all of the following:
  - a) The product or service to which the automatic renewal or continuous service applies.
  - b) The frequency and amount of charges associated with the automatic renewal or continuous service.
  - c) The means to cancel the automatic renewal or continuous service.
  
- 11) Provides that the requirements apply only prior to the completion of the initial order for the automatic renewal or continuous service, except as provided.
  
- 12) Clarifies that these changes only apply to a contract entered into, amended, or extended on or after January 1, 2025.

### COMMENTS

#### 1. Consumer protections and automatically renewing offers

When businesses began using automatic renewals for subscriptions and purchase agreements for products and services, consumer complaints began to surface regarding those automatic renewals. Consumers complained that they were unaware of and had not requested the automatic renewals until they either received a bill or a charge on

their credit card. A particularly egregious example of the misuse of automatic service renewals manifested when Time, Inc. was investigated by the Attorneys General of 23 states. The investigation found Time failed to properly disclose the terms of its agreements and used misleading offers. In the wake of the investigation and subsequent settlement, California enacted SB 340 (Yee, Ch. 350, Stats. 2009) to address these issues and deter such practices.

SB 340 sought to “end the practice of ongoing charging of consumer credit or debit cards or third party payment accounts without the consumers’ explicit consent for ongoing shipments of a product or ongoing deliveries of service.” The law defines “automatic renewal” as “a plan or arrangement in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term.” “Continuous service” is defined as “a plan or arrangement in which a subscription or purchasing agreement continues until the consumer cancels the service.”

Businesses were required to “present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity, or in the case of an offer conveyed by voice, in temporal proximity, to the request for consent to the offer.” Businesses were also required to obtain a consumer’s affirmative consent to the agreement containing the terms of the automatic renewal or continuous service before charging the consumer. Businesses had to provide an acknowledgment that includes the terms of the offers, the relevant cancellation policy, and “information regarding how to cancel in a manner that is capable of being retained by the consumer.” There is a special provision for offers that include a free trial, requiring the business to also disclose how to cancel and to allow the consumer to do so before the consumer pays for the goods or services. When a business makes an automatic renewal or continuous service offer, it must further provide (1) a toll-free telephone number, (2) an e-mail address, (3) a postal address, or (4) “another cost-effective, timely, and easy-to-use mechanism for cancellation.”

Despite the requirements imposed by SB 340, there were still concerns that consumers were not adequately protected from the pitfalls these practices presented. Lawsuits suggested that businesses were pushing the envelope with what was lawful, and consumers were continuing to face hurdles in cancelling agreements or fully deciphering what the terms of those agreements are. To address these issues, SB 313 (Hertzberg, Ch. 356, Stats. 2017) was enacted. It inserted additional consumer protections regarding price, terms, and cancellation to ensure consumers are entering into these types of agreements fully informed and properly enabled to cancel if they so wish.

If an automatic renewal offer or continuous service offer includes a free gift or trial, SB 313 requires that the offer include a clear and conspicuous explanation of the price that

will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial. The bill also extended the requirement regarding an acknowledgement in Business and Professions Code Section 17602(a)(3) to offers that include gifts rather than just offers that include free trials.

In response to concerns that many businesses were continuing to use a variety of tactics to make cancelling subscriptions inconvenient, confusing, time consuming, or otherwise difficult, AB 390 (Berman, Ch. , Stats. 2022) was signed into law. It fortified the statute by, in part, requiring notices be sent to consumers that include the following:

- that the automatic renewal or continuous service will automatically renew unless the consumer cancels;
- the length and any additional terms of the renewal period;
- one or more methods by which a consumer can cancel the automatic renewal or continuous service;
- if the notice is sent electronically, the notice shall include either a link that directs the consumer to the cancellation process, or another reasonably accessible electronic method that directs the consumer to the cancellation process if no link exists; and contact information for the business.

## 2. Adding additional layers of protection

With the ubiquity of automatically renewing subscriptions and services, often after an initial free or discounted trial period, most people can provide at least anecdotal evidence of the difficulty facing consumers when they try to cancel before an automatic renewal kicks in, or even fully understand the automatic renewal process in the first place. This includes struggling to cancel an online newspaper subscription or a fitness class subscription as companies require consumers to go through a byzantine process to opt out or cancel.

This bill again seeks to bolster the protections around these automatically renewing offers, which can be convenient for businesses and consumers alike, but can also be misleading and predatory.

### *a. Notice and consent*

The first focus of the bill is on ensuring consumers fully understand and consent to the terms of these contracts. The bill makes it unlawful for these businesses to fail to obtain the consumer's affirmative consent to the automatic renewal or continuous service separately from any other portion of the contract. Businesses are prohibited from including information that interferes with or otherwise undermines the ability of a consumer to provide affirmative consent and from misrepresenting any material fact related to the transaction.



Businesses must also provide the notice established in AB 390 to consumers before confirming their billing information, which shall include additional information about the costs that will be charged the consumer. Any fee changes must also be clearly disclosed and an annual reminder is required to be sent out under annual contracts in the same medium that resulted in the initial activation or in which the consumer is accustomed to interacting with the business.

*b. Cancellation*

Attempting to cancel an automatically renewing streaming service you no longer use or a newspaper or magazine you no longer read is unfortunately an experience most Californians have had. This bill attempts to tighten up the law to ensure that if a consumer wants to cancel, it does not take an advanced degree to do so.

Currently the statute requires a business that makes an automatic renewal offer or continuous service offer to provide a toll-free telephone number, electronic mail address, a postal address if the seller directly bills the consumer, or it shall provide another cost-effective, timely, and easy-to-use mechanism for cancellation.

Concerns have arisen that getting a hold of someone on these toll-free lines is a challenge. Therefore, this bill provides that if a business provides for a mechanism for cancellation by phone, the business shall answer calls promptly during normal business hours and shall not obstruct or delay the consumer's ability to cancel the automatic renewal or continuous service. The bill defines "normal business hours" as no fewer than 12 hours between 6 a.m. to 10 p.m., inclusive, Pacific Standard Time or Pacific Daylight Saving Time, as applicable, of each day from Monday to Friday, inclusive, other than state holidays.

The existing law also provides that a business that allows a consumer to accept an automatic renewal or continuous service offer online shall allow a consumer to terminate the automatic renewal or continuous service exclusively online, at will, and without engaging any further steps that obstruct or delay the consumer's ability to terminate the automatic renewal or continuous service immediately.

The bill builds on this provision and requires businesses to provide consumers the ability to cancel or terminate an automatic renewal or continuous service in the same medium that the consumer used in the transaction that resulted in the activation of the automatic renewal or continuous service or in which the consumer is accustomed to interacting with the business. If the activation was by telephone, a telephone number that is capable of being retained by the consumer shall be available to the consumer to cancel or terminate the automatic renewal or continuous service and posted on the company's website.

The author makes the case for why such changes are necessary:

The subscription economy is projected to become a \$1.5 trillion market by 2025. However, this expansion has prompted businesses to intensely focus on enrollment and retention, leading to the creation of what is termed “manipulative subscription systems” or “dark patterns.” These systems are designed to keep consumers locked into plans they may no longer need or want.

This trend has raised concerns, with instances of companies violating negative option terms and conditions drawing attention from the Federal Trade Commission (FTC). Since 2014, numerous actions [have been brought] against these practices including some led by the FTC. Despite legal actions, deceptive subscription practices persist. In 2023, for example, the FTC took action against Amazon, a major online retailer, for enrolling consumers in Amazon Prime without their consent and deliberately preventing them from canceling.

2022 research found that, on average, 42% of consumers forgot they were still paying for a subscription they no longer used. In addition, the research demonstrated that consumers underestimated their monthly spending on subscriptions by \$133.

As referenced by the author, the FTC has taken recent action against Amazon for concerning practices in this space:

The Federal Trade Commission is taking action against Amazon.com, Inc. for its years-long effort to enroll consumers into its Prime program without their consent while knowingly making it difficult for consumers to cancel their subscriptions to Prime.

In a complaint filed today, the FTC charges that Amazon has knowingly duped millions of consumers into unknowingly enrolling in Amazon Prime. Specifically, Amazon used manipulative, coercive, or deceptive user-interface designs known as “dark patterns” to trick consumers into enrolling in automatically-renewing Prime subscriptions.

Amazon also knowingly complicated the cancellation process for Prime subscribers who sought to end their membership. The primary purpose of its Prime cancellation process was not to enable subscribers to cancel, but to stop them. Amazon leadership slowed or rejected changes that would’ve made it easier for users to cancel Prime because those changes adversely affected Amazon’s bottom line.

“Amazon tricked and trapped people into recurring subscriptions without their consent, not only frustrating users but also costing them significant

money,” said FTC Chair Lina M. Khan. “These manipulative tactics harm consumers and law-abiding businesses alike. The FTC will continue to vigorously protect Americans from “dark patterns” and other unfair or deceptive practices in digital markets.”<sup>1</sup>

### 3. Stakeholder positions

The Consumer Federation of California, the sponsor of the bill, writes:

While automatic subscription renewals can offer some convenience, they far too often harm consumers and businesses. Consumers want and deserve transparent and understandable authorizations of consent, clear and understandable disclosure statements, and an easy way to cancel a subscription. As it stands currently, many subscriptions are almost impossible to cancel without undertaking a Kafkaesque process that frustrates consumers to no end, and does so to the direct financial benefit of corporations.

A recent article in *The New York Times* reveals that some streaming services are not reminding their customers about subscription renewals, which is a clearly anti-consumer practice. This demonstrates that the renewal processes relating to these services are being purposely designed so as to make consumers forget about their renewal subscriptions.<sup>1</sup> Such tactics burden consumers financially, especially as many streaming services are increasing their prices while simultaneously placing ads in their programs for yet another revenues stream. Overall this misleads consumers into an expense they may not be prepared for. . . .

AB 2863 updates and expands California laws to reflect the evolving world of subscription services in such a way that reflects strong pro-consumer proposals by the FTC. The bill will relieve consumers from seemingly never-ending struggles to cancel unwanted subscription payment plans. To deliver this relief, the bill creates a “click to cancel” process, mirroring that in the current FTC proposal, which would require sellers to make it as easy for consumers to cancel their enrollment as it was to sign up.

It should be noted that recent amendments to the bill address several of the concerns raised by opposition. However, more certainly remain. A coalition of groups in

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<sup>1</sup> Press Release, *FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel* (June 21, 2023) Federal Trade Commission, <https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-takes-action-against-amazon-enrolling-consumers-amazon-prime-without-consent-sabotaging-their> [as of June 15, 2024].

opposition, including various technology and advertising associations, express concerns with requiring affirmative consent as provided by the bill:

The bill requires a business to obtain a consumer's affirmative consent to the automatic renewal or continuous service "separately from any other portion of the contract." This term is unclear, as it does not specify what constitutes another "portion" of the contract. Additionally, requiring consent for an automatic renewal feature to be "separate" from consent regarding other portions would add yet another required obligation for consumers to indicate consent. This would make it more cumbersome for consumers to seamlessly agree to such an offer.

A coalition led by the California Chamber of Commerce writes in opposition:

As an initial matter, many businesses are not open 12 hours per day. This is particularly true for many small businesses who may use ongoing contracts but are not necessarily "in the office" during normal working hours, such as landscaping companies, local newspapers, or other small businesses.

In addition, it is not feasible to promise "prompt" phone response times regardless of circumstances. For a small- or medium-sized business, a glut of calls at 5 or 5:30pm may contribute to a slower response. Or a particularly complicated consumer request may keep an operator busy for longer than expected. These are not excuses or bad business practices – they are simply the reality of operating a business. Even for a larger business, an event outside of the employer's control can cause phone lines to be overwhelmed, such as a power/internet outage leading to a flood of confused calls, or a news story promoting their business (generating a brief spike in demand). In these situations, has a business failed to "promptly" answer a call if they are delayed by 10 minutes? Or minutes? Or what if the manager is called away from their desk and is forced to return a call the next day? Which of those would be violation of this "prompt" requirement? These are the practical realities that AB 2863's language fails to consider.

Here, we have asked for two changes: first, that we limit the duration of required coverage to 10 hours per day, to reflect the pragmatic realities of many businesses. Second, that the Author strike the obligation to "promptly" answer calls, which is vague and creates potential liability for simple business realities. Our goal with these is to ensure that AB 2863 accounts for the day-to-day reality of running a business.

The requirement for 12 hours of availability is arguably excessive. In response, the author has agreed to amendments that lower this to 10 hours.

Writing in opposition, a coalition including the Association of National Advertisers argues:

As presently drafted, AB 2863 requires many employers across California to re-write their existing contracts, re-design their online sign-up process, hire more phone operators/extend their hours, and prepare to issue new notices related to cancellation. However, it provides no delayed implementation to provide time for California's businesses to accomplish these significant changes.

Notably, every single prior bill on this topic provided some form of delayed implementation in recognition of the complexity of updating these legal documents and business practices. We would urge that the same reality be acknowledged here and would request a one-year delay in implementation.

The bill clarifies that its changes apply only to a contract entered into, amended, or extended on or after January 1, 2025. However, given that many practices and contracts will need to be updated, the author has agreed to delay implementation by six months.

Concerns were previously raised by opposition that the requirement that a business not "obstruct or delay" a consumer's ability to cancel did not allow for arguably consumer friendly practices like offering a discount or an additional free period. In response the author included the following provision: "providing a discount offer or other consumer benefit or informing a consumer of the effect of the cancellation shall not be considered unreasonable obstruction or delay, provided that the consumer remains able to cancel or terminate the automatic renewal or continuous service." Opposition now points to issues with the fact that this provision uses the term "unreasonable" while the underlying requirements do not include that modifier. To harmonize the language, the author has agreed to remove "unreasonable" from this provision. It should be noted that while this provision is intended to allow some flexibility for businesses to negotiate terms that may be in the consumer's benefit, thought should be given to whether this flexibility should be more narrowly constrained to avoid it being used as a loophole.

The California Automatic-Renewal Taskforce (CART) consists of the District Attorney Offices for the Counties of Los Angeles, San Diego, Santa Clara, Santa Cruz, and Santa Barbara, together with the Office of the City Attorney for the City of Santa Monica. It was organized to enforce the law at issue here. CART writes in support:

Your bill incorporates numerous provisions aimed at ensuring that consumers who enter into automatic purchase renewal subscriptions are

fully aware of the nature of the transaction, have clearly expressed their consent thereto, and are able to cancel simply and efficiently, among other consumer-friendly features.

The two most common complaints from consumers with respect to automatically renewing products or services is that they did not realize their purchase was an automatic renewal subscription and that the subscription is difficult (and sometimes nearly impossible) to cancel.

While automatic renewal subscriptions can be useful and convenient for consumers, they have frequently become an anti-consumer business practice. Far too many subscription services have become almost impossible to cancel without maneuvering through a labyrinth of steps that are seemingly designed to frustrate the subscriber's desire to cancel a subscription they no longer want or use.

As automatic renewal agreements have become more and more common, the sheer number of automatic monthly and annual payments can cause consumers to easily lose track of all the various goods and services for which they are automatically charged. This problem has become so widespread that it has spawned a new industry of companies who, for a fee, will compile a list of a consumer's subscriptions and cancel those the consumer no longer wants or uses.

Although California has one of the most stringent auto renewal laws (ARL) in the nation, there still are loopholes in our ARL being exploited by businesses. . . .

Many of AB 2863's requirements confirm injunction provisions that CART has required in stipulated judgments concluded with businesses in this arena.

### SUPPORT

Consumer Federation of California (sponsor)  
California Low-income Consumer Coalition  
CALPIRG  
Housing and Economic Rights Advocates  
Los Angeles County District Attorney  
Oakland Privacy  
San Diego County District Attorney  
Santa Barbara County District Attorney  
Santa Clara County District Attorney  
Santa Cruz County District Attorney

Santa Monica City Attorney  
Voices for Progress Education Fund

**OPPOSITION**

American Association of Advertising Agencies  
Association of National Advertisers  
California Chamber of Commerce  
California Manufacturers & Technology Association  
California News Publishers Association  
Civil Justice Association of California  
News Media Alliance  
TechNet  
Tri-County Chamber Alliance

**RELATED LEGISLATION**

Pending Legislation: None known.

Prior Legislation:

AB 390 (Berman, Ch. 450, Stats. 2021) *See* Comment 1.

AB 1221 (Flora, Ch. 452, Stats. 2021) amended the law applicable to service contracts to allow for such contracts to cover a class of products, rather than a single product, and to be offered on a periodic basis and continue until canceled, as provided.

SB 313 (Hertzberg, Ch. 356, Stats. 2017) *See* Comment 1.

SB 340 (Yee, Ch. 350, Stats. 2009) *See* Comment 1.

**PRIOR VOTES:**

Assembly Floor (Ayes 65, Noes 0)  
Assembly Privacy and Consumer Protection Committee (Ayes 10, Noes 0)

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