

1 HB454  
2 208080-1  
3 By Representative Kiel  
4 RFD: Commerce and Small Business  
5 First Read: 25-FEB-21

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

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

19  
20 A BILL  
21 TO BE ENTITLED  
22 AN ACT

23  
24 Relating to consumer protection; to require clear  
25 and conspicuous notice to a consumer regarding a free trial  
26 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. For purposes of this act, the following  
5 terms shall have the following meanings:

6 (1) AUTOMATIC RENEWAL. A plan or arrangement in  
7 which a paid subscription or purchasing agreement is  
8 automatically renewed at the end of a definite term for a  
9 subsequent term.

10 (2) CONTINUOUS SERVICE. A plan or arrangement in  
11 which a paid subscription or purchasing agreement continues  
12 until the consumer cancels the service.

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

16 (1) Fail to present the automatic renewal offer  
17 terms or continuous service offer terms in a clear and  
18 conspicuous manner before the subscription or purchasing  
19 agreement is fulfilled and in visual proximity, or in the case  
20 of an offer conveyed by voice, in temporal proximity, to the  
21 request for consent to the offer. If the offer also includes a  
22 free gift or trial, the offer shall include a clear and  
23 conspicuous explanation of the price that will be charged  
24 after the trial ends or the manner in which the subscription  
25 or purchasing agreement pricing will change upon conclusion of  
26 the trial.

1           (2) Charge the consumer's credit or debit card, or  
2 the consumer's account with a third party, for an automatic  
3 renewal or continuous service without first obtaining the  
4 consumer's affirmative consent to the agreement containing the  
5 automatic renewal offer terms or continuous service offer  
6 terms, including the terms of an automatic renewal offer or  
7 continuous service offer that is made at a promotional or  
8 discounted price for a limited period of time.

9           (3) Fail to provide an acknowledgment that includes  
10 the automatic renewal offer terms or continuous service offer  
11 terms, cancellation policy, and information regarding how to  
12 cancel in a manner that is capable of being retained by the  
13 consumer. If the automatic renewal offer or continuous service  
14 offer includes a free gift or trial, the business shall also  
15 disclose in the acknowledgment how to cancel, and allow the  
16 consumer to cancel, the automatic renewal or continuous  
17 service before the consumer pays for the goods or services.

18           (b) A business that extends an automatic renewal  
19 offer or continuous service offer shall provide a toll-free  
20 telephone number, an electronic mail address, a postal address  
21 if the seller directly bills the consumer, or it shall provide  
22 another cost-effective, timely, and easy-to-use mechanism for  
23 cancellation that shall be described in the acknowledgment  
24 specified in subdivision (3) of subsection (a).

25           (c) In addition to the requirements of subsection  
26 (b), a business shall allow a consumer who accepts an  
27 automatic renewal or continuous service offer online to

1 terminate the automatic renewal or continuous service  
2 exclusively online, which may include a termination email  
3 formatted and provided by the business that a consumer can  
4 send to the business without additional information.

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

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

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

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

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