

2023 -- S 0171 SUBSTITUTE A

LC001616/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
UNFAIR SALES PRACTICES

Introduced By: Senators Euer, Felag, Lawson, DiMario, Acosta, Ruggerio, Lauria, Cano,
Quezada, and Zurier

Date Introduced: February 16, 2023

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 16-13 of the General Laws entitled "Unfair Sales Practices" is hereby
2 amended by adding thereto the following section:

3 **16-13-22. Automatic subscription renewal or automatic renewal contract - Notice**
4 **required.**

5 (a) For purposes of this section, "automatic subscription renewal" or "automatic renewal
6 offer" means a plan or arrangement in which a paid subscription or purchasing agreement is
7 automatically renewed at the end of a definite term for a subsequent term or on a continuous or
8 recurring basis.

9 (b) It is unlawful for any business that makes an automatic renewal offer or continuous
10 service to offer a consumer in this state to do any of the following:

11 (1) Fail to present the automatic renewal offer terms or continuous service offer terms in a
12 clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in
13 visual proximity, or, in the case of an offer conveyed by voice, in temporal proximity, to the request
14 for consent to the offer. If the offer also includes a free gift or trial, the offer shall include a clear
15 and conspicuous explanation of the price that will be charged after the trial ends or the manner in
16 which the subscription or purchasing agreement pricing will change upon conclusion of the trial;

17 (2) Charge the consumer's credit or debit card, or the consumer's account with a third
18 party, for an automatic renewal or continuous service without first obtaining the consumer's

1 affirmative consent to the agreement containing the automatic renewal offer terms or continuous
2 service offer terms, including the terms of an automatic renewal offer or continuous service offer
3 that is made at a promotional or discounted price for a limited period of time;

4 (3) Fail to provide an acknowledgement that includes the automatic renewal offer terms or
5 continuous service offer terms, cancellation policy, and information regarding how to cancel in a
6 manner that is capable of being retained by the consumer. If the automatic renewal offer or
7 continuous service offer includes a free gift or trial, the business shall also disclose in the
8 acknowledgement how to cancel, and allow the consumer to cancel, the automatic renewal or
9 continuous service before the consumer pays for the goods or services; or

10 (4) Fail to provide a consumer with a notice, as may be required by subsection (b)(1) of
11 this section, that clearly and conspicuously states all of the following:

12 (i) That the automatic renewal or continuous service will automatically renew unless the
13 consumer cancels;

14 (ii) The length and any additional terms of the renewal period;

15 (iii) One or more methods by which a consumer can cancel the automatic renewal or
16 continuous service;

17 (iv) If the notice is sent electronically, the notice shall include either a link that directs the
18 consumer to the cancellation process, or another reasonably accessible electronic method that
19 directs the consumer to the cancellation process if no link exists; and

20 (v) Contact information for the business.

21 (c) A business that shall provide a consumer with a notice as specified in subsection (b) of
22 this section if either of the following is true; provided that, if an automatic renewal offer or a
23 continuous service offer requires a notice under both subsections (c)(1) and (c)(2) of this section,
24 only the notice specified in subsection (c)(2) of this section shall be required:

25 (1) The consumer accepted a free gift or trial, lasting for more than thirty-one (31) days,
26 that was included in an automatic renewal offer or continuous service offer or the consumer
27 accepted an automatic renewal offer or continuous service offer at a promotional or discounted
28 price, and the applicability of that price was more than thirty-one (31) days:

29 (i) The notice shall be provided at least three (3) days before and at most twenty-one (21)
30 days before the expiration of the predetermined period of time for which the free gift or trial, or
31 promotional or discounted price, applies.

32 (ii) An offer shall be exempt from the requirements under this subsection if the consumer
33 does not enter into the contract electronically and the business has not collected or maintained the
34 consumer's valid email address, phone number, or another means of notifying the consumer

1 electronically.

2 (iii) For purposes of this section, “free gift” does not include a free promotional item or
3 gift given by the business that differs from the subscribed product; or

4 (2) The consumer accepted an automatic renewal offer or continuous service offer with an
5 initial term of one year or longer, that automatically renews unless the consumer cancels the
6 automatic renewal or continuous service. In this case, the notice shall be provided at least fifteen
7 (15) days and not more than forty-five (45) days before the automatic renewal offer or continuous
8 service offer renews.

9 (d) A business that makes an automatic renewal offer or continuous service offer shall
10 provide a toll-free telephone number, electronic mail address, a postal address if the seller directly
11 bills the consumer, or it shall provide another cost-effective, timely, and easy-to-use mechanism
12 for cancellation that shall be described in the acknowledgement specified in subsection (b)(3) of
13 this section.

14 (e)(1) In addition to the requirements of subsection (c) of this section, a business that allows
15 a consumer to accept an automatic renewal or continuous service offer online shall allow a
16 consumer to terminate the automatic renewal or continuous service exclusively online, at will, and
17 without engaging any further steps that obstruct or delay the consumer’s ability to terminate the
18 automatic renewal or continuous service immediately. The business shall provide a method of
19 termination that is online in the form of either of the following:

20 (i) A prominently located direct link or button which may be located within either a
21 customer account or profile, or within either device or user settings; or

22 (ii) By an immediately accessible termination email formatted and provided by the business
23 that a consumer can send to the business without additional information.

24 (2) The termination requirements of this subsection apply to the automatic renewal terms
25 and continuous service terms of the contract and the remaining provisions of the contract continue
26 to be governed by all applicable laws and regulations.

27 (3) Notwithstanding subsection (e)(1) of this subsection, a business may require a
28 consumer to enter account information or otherwise authenticate online before termination of the
29 automatic renewal or continuous service online if the consumer has an account with the business.
30 A consumer who is unwilling or unable to enter account information or otherwise authenticate
31 online before termination of the automatic renewal or continuous service online shall not be
32 precluded from authenticating or terminating the automatic renewal or continuous service offline
33 using another method pursuant to subsection (d) of this section.

34 (f) In the case of a material change in the terms of the automatic renewal or continuous

1 service that has been accepted by a consumer in this state, the business shall provide the consumer
2 with a clear and conspicuous notice of the material change and provide information regarding how
3 to cancel in a manner that is capable of being retained by the consumer.

4 (g) The requirements of this section shall apply only prior to the completion of the initial
5 order for the automatic renewal or continuous service, except as follows:

6 (1) The requirements in subsections (b)(3) and (b)(4) of this section may be fulfilled after
7 completion of the initial order;

8 (2) The requirements of subsection (c) of this section may be fulfilled after completion of
9 the initial order.

10 (3) The requirement in subsection (f) of this section shall be fulfilled prior to
11 implementation of the material change.

12 (h) The provision of this section shall not apply to any service provided by a business or
13 affiliate where either the business or its affiliate is regulated by the Rhode Island public utilities
14 commission or the Federal Communications Commission.

15 SECTION 2. This act shall take effect on January 1, 2024.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
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1 This act would require businesses that offer automatic subscription renewals or continuous
2 offers to provide notice to the consumer prior to the automatic renewal of such subscription, provide
3 clear and conspicuous cancellation information with such notice, and provide notice in the manner
4 in which the consumer entered into the contract for automatic subscription renewal in the first
5 instance. This act would also require businesses that offer automatic subscription renewals or
6 continuous service offers to provide contract terms to the consumer in a clear and conspicuous
7 manner, prior to the consumer's engagement in the contract for automatic subscription renewals.

8 This act would take effect on January 1, 2024.

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