



Title: Kentucky House Bill 106

Subject: Auto Renew

Summary:

Kentucky House Bill 106 creates a new section of law concerning memberships, subscriptions, automatic renewal offers, and continuous service offers. The bill requires businesses making such offers present the terms clearly and conspicuously and in a way of being retained by the consumer. The business must also obtain the consumer's affirmative consent; if a business fails to obtain affirmative consent, any goods, products, access to a facility, etc., provided under the agreement will be deemed an unconditional gift.

The bill describes authorized methods for facilitating cancellation. The medium for cancellation and the method for requesting a refund must be the same, and if the offer was accepted online, the cancellation and refund requests must be permitted by exclusively online means (i.e., no requirements for cancellation or refund requests that cannot be completed online or via pre-formatted electronic mail).

SCIC introduced an amendment to exclude month to month contracts. Accordingly, "Automatic renewal" is now defined 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 specified period of more than one month."

"Continuous service" is defined as "a plan or arrangement in which a subscription or purchasing agreement continues until the consumer cancels the service."

Certain business practices relating to memberships and subscriptions may also cause an agreement to be "considered" an automatic renewal or continuous service.

The bill requires a notice sent between one and two months prior to the expiration of a membership or subscription. The bill also addresses free gifts or trials as well as proper notice in the event of material change to the terms of the contract.

The bill effectively exempts banks, credit unions, savings associations, consume loan companies, and "Any person or entity that is an insurer as defined in KRS 304.1-040 10 and regulated under KRS Chapter 304." The SCIC has additionally secured an exemption for "any person or entity providing service contracts as described I KRS 304.5-070."

The bill has also been amended to exempt:

- Providers of in-vehicle, roadside assistance, or travel subscription services; and
- Any service provided by a business or its affiliate where wither the business or its affiliate is regulated by the Kentucky Public Service Commission, the Federal Communications Commission, or the Federal Energy Regulatory Commission.

The bill, as amended, also defines “consumer” as “an individual who acquires goods or services for personal, family, or household purposes.”

Finally, the bill provides penalties for violations of up to \$5,000 per offense.

Last Action: Died in committee

Date Filed:	12/06/2021	
Date/Type of Last Action:	12/06/2021	Prefiled by the sponsor (s)
	01/04/2022	Introduced in House to committee on committees
	03/11/2022	to House committee on Veterans, Military Affairs, & Public Protection
	03/14/2022	Taken from to House committee on Veterans, Military Affairs, & Public Protection, 1 st reading, returned to House committee on Veterans, Military Affairs, & Public Protection
	03/15/2022	reported favorably, 2nd reading, to Rules with Committee Substitute
	03/16/2022	floor amendment (1) filed to Committee Substitute posted for passage in the Regular Orders of the Day for Thursday, March 17, 2022
	03/18/2022	3rd reading, passed (75-12) with Committee Substitute (1) and Floor Amendment (1)
	03/21/2022	Received in Senate To Committee on Committees (S)
	03/22/2022	to Economic Development, Tourism, & Labor (S)

03/29/2022 reported favorably, 1st reading, to
Calendar with Committee Substitute
(1)
floor amendments (1) and (3) filed
to Committee Substitute, floor
amendment (2) filed

03/10/2022 2nd reading, to Rules