

**REVENUE:** No revenue impact

**FISCAL:** No fiscal impact

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	6 - 1 - 1
<b>Yeas:</b>	Clem, Conger, Matthews, Smith J., Holvey, Whisnant
<b>Nays:</b>	Sheehan
<b>Exc.:</b>	Cameron
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	5/17, 5/19, 5/26, 5/31

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**WHAT THE MEASURE DOES:** Prohibits offers of automatic renewal or continuous service arrangements unless the offer complies with disclosure requirements. Prohibits charging a consumer without first obtaining the consumer's affirmative consent to the offer. Requires providing an acknowledgement that can be retained by the consumer that contains the terms of the offer and the cancellation policy. Declares violation to be an unlawful trade practice.

**ISSUES DISCUSSED:**

- Reading and understanding online contracts
- Exemption of month-to-month plans
- "Clear and conspicuous" notice of contract terms
- Complaints received and assistance provided by Department of Justice
- Protection to legitimate businesses
- Disclosure in billing statement
- Exemption for those persons acting in good faith
- Personal responsibility when entering into an agreement or plan
- Exemption for persons regulated by the Department of Consumer and Business Services under the Insurance Code

**EFFECT OF COMMITTEE AMENDMENT:** Allows the disclosure requirements to be fulfilled in the initial billing statement or invoice when the person directly bills the consumer. Eliminates the emergency clause.

**BACKGROUND:** Several types of consumer contracts typically carry automatic renewal provisions, including cellular phone service, newspaper and magazine subscriptions, home alarm service, data backup service, and cable television service. The automatic renewal provisions of such contracts provide for automatic billing of the customer and continuation of the service. However, it can be unclear to the customer that affirmative action is needed to discontinue the contract; the cancellation procedure can be confusing or onerous; and some customers who have had their contracts continued without their affirmative consent have faced aggressive collection efforts.

Senate Bill 487-B makes it unlawful to offer automatic renewal or continuous service to an Oregon consumer that includes any of the following: failure to present the terms of automatic renewal; charging the consumer without first obtaining affirmative consent; and failure to provide acknowledgement of the automatic renewal in a form that can be kept by the consumer. If such a contract is offered without satisfying the requirement, any product provided to the consumer as part of the arrangement is deemed an unconditional gift to the consumer. A number of exemptions are made, primarily for services provided by persons regulated by the state or federal government.

6/1/2011 5:05:00 PM

*This summary has not been adopted or officially endorsed by action of the committee.*