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**September 12, 2017**

**ASSEMBLY FLOOR ALERT**  
**SB 313 (Hertzberg) – SUPPORT**

The Consumer Federation of California (CFC) is pleased to sponsor SB 313 (Hertzberg).

SB 313 will ensure that California residents signing up for free trial offers are presented with clear and conspicuous language explaining the price that will be charged after a free trial offer ends, or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial. SB 313 also requires businesses to allow consumers who sign up for a free trial online to cancel online as well.

Businesses often use a free trial offer as a lure and rely on obscure “gotcha” clauses to hook a consumer to keep paying for an unwanted product or service. Though businesses make it easy for consumers to agree to free trials or reduced price introductory offers, the same convenience does not always exist when it comes to cancellation. Consumers frequently encounter unnecessary and time consuming obstacles as they try to terminate the free trial.

Free trials offers for wrinkle creams, gym memberships, and baby products, among others, have provoked customer complaints relating to surprise billing. This tactic is also referred to as negative option billing; using a consumer’s credit or debit card to make an initial purchase that is then automatically charged for the price of the product unless the consumer cancels the product by the end of the free trial period. Negative option billing is a common method across industries; more so now than ever, given the prevalence of online commerce.

A business should rely on the quality and value of its product or service, and not depend on obstacles to cancellation, to retain a consumer’s loyalty. SB 313 will enact common sense consumer protections that ensure fairness and transparency in contract renewals.

CFC urges your “Aye” vote on SB 313.