



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2557

PRINTER'S NO. 3679

PRIME SPONSOR: Borowski

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: HB 2557 PN 3679 requires companies to provide a consumer with the option to opt into a service, rather than opt out, if they initially accepted an introductory offer. This legislation will take effect in 60 days.

ANALYSIS: This legislation amends Act 387 of 1968 (Unfair Trade Practices and Consumer Protection Act) to:

- Define “*negative option plan*”
- Provide a consumer with renewal terms, cancellation policy, and steps to cancel a subscription
- Provide renewal offers in boldface and in at least twelve-point font
 - Including specific procedure by which the consumer may cancel and the terms of automatic renewal
 - Acknowledgment that includes automatic renewal offer terms and information on how to cancel in a manner that is easily retained by the consumer
- Allows a subscriber who renews automatically over the internet to cancel over the internet
- Requires the seller of a service to notify the consumer before an automatic renewal:
 - Not more than 15 days before a renewal period of less than three months
 - Not more than 30 days before a renewal period of three months or more
 - Through means of communication chosen by the consumer
- Renewal period shall not exceed twelve months

Furthermore, the provisions of this bill do not apply to the following:

- entities who are subject to Act 87 of 1989 (Health Club Act)
- entities or their affiliate in accordance with a franchise issued by a political subdivision
- entities or their affiliates who are regulated by the Federal Trade Commission (FTC), Federal Energy Regulatory Commission (FERC), the Pennsylvania Utility Commission (PUC), or the Pennsylvania Insurance Department
- contracts that are subject to Title 66 (Public Utilities) Chapter 22 (relating to natural gas competition) or Chapter 28 (relating to restructuring of electric utility industry)

FISCAL IMPACT: The enactment of this legislation would have a *de minimis* fiscal impact on commonwealth funds, specifically the General Fund, as the legislation simply provides for the ability of subscribers to cancel subscription services and requires companies to provide renewal notifications. The fiscal impact would be a function of the collection of any fines based on violations of the Unfair Trade Practices and Consumer Protection Act, related to changes within this bill. As a result of the unknown nature of the number of potential violations, the low number of anticipated occurrences, and the ability of the Commission to address any investigation with existing resources, we deem that the impact would be *de minimis*.

PREPARED BY: Gueorgui Tochev, Senior Budget Analyst
House Appropriations Committee (D)

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Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.