



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3478

Introduced 2/17/2023, by Rep. Matt Hanson

SYNOPSIS AS INTRODUCED:

815 ILCS 601/10
815 ILCS 601/12 new

Amends the Automatic Contract Renewal Act. Provides for additional violations, notification, and cancellation requirements for a person, firm, partnership, association, or corporation that makes an automatic renewal offer or continuous service offer to a consumer. Provides that a person, firm, partnership, association, or corporation that makes an automatic renewal offer or continuous service offer shall provide a toll-free telephone number, email address, a postal address if the seller directly bills the consumer, or it shall provide another cost-effective, timely, and easy-to-use mechanism for cancellation.

LRB103 27621 SPS 53997 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Automatic Contract Renewal Act is amended
5 by changing Section 10 and adding Section 12 as follows:

6 (815 ILCS 601/10)

7 Sec. 10. Exemptions from liability ~~Automatic renewal;~~
8 ~~requirements.~~

9 (a) (Blank). ~~Any person, firm, partnership, association,~~
10 ~~or corporation that sells or offers to sell any products or~~
11 ~~services to a consumer pursuant to a contract, where such~~
12 ~~contract automatically renews unless the consumer cancels the~~
13 ~~contract, shall disclose the automatic renewal clause clearly~~
14 ~~and conspicuously in the contract, including the cancellation~~
15 ~~procedure.~~

16 (b) (Blank). ~~Any person, firm, partnership, association,~~
17 ~~or corporation that sells or offers to sell any products or~~
18 ~~services to a consumer pursuant to a contract, where such~~
19 ~~contract term is a specified term of 12 months or more, and~~
20 ~~where such contract automatically renews for a specified term~~
21 ~~of more than one month unless the consumer cancels the~~
22 ~~contract, shall notify the consumer in writing of the~~
23 ~~automatic renewal. Written notice shall be provided to the~~

1 ~~consumer no less than 30 days and no more than 60 days before~~
2 ~~the cancellation deadline pursuant to the automatic renewal~~
3 ~~clause. Such written notice shall disclose clearly and~~
4 ~~conspicuously:~~

5 ~~(i) that unless the consumer cancels the contract it~~
6 ~~will automatically renew; and~~

7 ~~(ii) where the consumer can obtain details of the~~
8 ~~automatic renewal provision and cancellation procedure~~
9 ~~(for example, by contacting the business at a specified~~
10 ~~telephone number or address or by referring to the~~
11 ~~contract).~~

12 (b-5) (Blank). ~~A person, firm, partnership, association,~~
13 ~~or corporation that makes an automatic renewal offer or~~
14 ~~continuous service offer online shall provide a toll-free~~
15 ~~telephone number, electronic mail address, a postal address if~~
16 ~~the seller directly bills the consumer, or another~~
17 ~~cost effective, timely, and easy to use mechanism for~~
18 ~~cancellation that shall be described in the notice required in~~
19 ~~subsection (b). A consumer who accepts an automatic renewal or~~
20 ~~continuous service offer online must be allowed to terminate~~
21 ~~the automatic renewal or continuous service exclusively~~
22 ~~online, which may include a termination email formatted and~~
23 ~~provided by the business that a consumer can send to the~~
24 ~~business without additional information.~~

25 (c) A person, firm, partnership, association, or
26 corporation will not be liable for a violation of this Act or

1 the Consumer Fraud and Deceptive Business Practices Act if
2 such person, firm, partnership, association, or corporation
3 demonstrates that, as part of its routine business practice:

4 (i) it has established and implemented written
5 procedures to comply with this Act and enforces compliance
6 with the procedures;

7 (ii) any failure to comply with this Act is the result
8 of error; and

9 (iii) where an error has caused a failure to comply
10 with this Act, it provides a full refund or credit for all
11 amounts billed to or paid by the consumer from the date of
12 the renewal until the date of the termination of the
13 account, or the date of the subsequent notice of renewal,
14 whichever occurs first.

15 (Source: P.A. 102-517, eff. 1-1-22.)

16 (815 ILCS 601/12 new)

17 Sec. 12. Automatic contracts; requirements.

18 (a) It is unlawful for a person, firm, partnership,
19 association, or corporation that makes an automatic renewal
20 offer or continuous service offer to a consumer in this State
21 to do any of the following:

22 (1) Fail to present the automatic renewal offer terms
23 or continuous service offer terms in a clear and
24 conspicuous manner before the subscription or purchasing
25 agreement is fulfilled and in visual proximity, or, in the

1 case of an offer conveyed by voice, in temporal proximity,
2 to the request for consent to the offer. If the offer also
3 includes a free gift or trial, the offer shall include a
4 clear and conspicuous explanation of the price that will
5 be charged after the trial ends or the manner in which the
6 subscription or purchasing agreement pricing will change
7 upon conclusion of the trial.

8 (2) Charge the consumer's credit or debit card, or the
9 consumer's account with a third party, for an automatic
10 renewal or continuous service without first obtaining the
11 consumer's affirmative consent to the agreement containing
12 the automatic renewal offer terms or continuous service
13 offer terms, including the terms of an automatic renewal
14 offer or continuous service offer that is made at a
15 promotional or discounted price for a limited period of
16 time.

17 (3) Fail to provide an acknowledgment that includes
18 the automatic renewal offer terms or continuous service
19 offer terms, cancellation policy, and information
20 regarding how to cancel in a manner that is capable of
21 being retained by the consumer. If the automatic renewal
22 offer or continuous service offer includes a free gift or
23 trial, the person, firm, partnership, association, or
24 corporation shall also disclose in the acknowledgment how
25 to cancel, and allow the consumer to cancel, the automatic
26 renewal or continuous service before the consumer pays for

1 the goods or services.

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

5 (A) that the automatic renewal or continuous
6 service will automatically renew unless the consumer
7 cancels;

8 (B) the length and any additional terms of the
9 renewal period;

10 (C) one or more methods by which a consumer can
11 cancel the automatic renewal or continuous service;

12 (D) if the notice is sent electronically, the
13 notice shall include either a link that directs the
14 consumer to the cancellation process, or another
15 reasonably accessible electronic method that directs
16 the consumer to the cancellation process if no link
17 exists; and

18 (E) the contact information for the person, firm,
19 partnership, association, or corporation.

20 (b) A person, firm, partnership, association, or
21 corporation shall provide a consumer with a notice as
22 specified in paragraph (4) of subsection (a) if either of the
23 following is true, provided that if an automatic renewal offer
24 or a continuous service offer requires a notice under both
25 paragraphs (1) and (2), only the notice specified in paragraph
26 (2) shall be required:

1 (1) The consumer accepted a free gift or trial,
2 lasting for more than 31 days, that was included in an
3 automatic renewal offer or continuous service offer or the
4 consumer accepted an automatic renewal offer or continuous
5 service offer at a promotional or discounted price, and
6 the applicability of that price was more than 31 days.

7 (A) The notice shall be provided at least 3 days
8 before and at most 21 days before the expiration of the
9 predetermined period of time for which the free gift
10 or trial, or promotional or discounted price, applies.

11 (B) An offer shall be exempt from the requirements
12 under this paragraph if the consumer does not enter
13 into the contract electronically and the person, firm,
14 partnership, association, or corporation has not
15 collected or maintained the consumer's valid email
16 address, phone number, or another means of notifying
17 the consumer electronically.

18 (C) As used in this paragraph, "free gift" does
19 not include a free promotional item or gift given by
20 the person, firm, partnership, association, or
21 corporation that differs from the subscribed product.

22 (2) The consumer accepted an automatic renewal offer
23 or continuous service offer with an initial term of one
24 year or longer, that automatically renews unless the
25 consumer cancels the automatic renewal or continuous
26 service. In this case, the notice shall be provided at

1 least 15 days and not more than 45 days before the
2 automatic renewal offer or continuous service offer
3 renews.

4 (c) A person, firm, partnership, association, or
5 corporation that makes an automatic renewal offer or
6 continuous service offer shall provide a toll-free telephone
7 number, email address, a postal address if the seller directly
8 bills the consumer, or it shall provide another
9 cost-effective, timely, and easy-to-use mechanism for
10 cancellation that shall be described in the acknowledgment
11 specified in paragraph (3) of subsection (a).

12 (d) (1) In addition to the requirements of subsection (b),
13 a person, firm, partnership, association, or corporation that
14 allows a consumer to accept an automatic renewal or continuous
15 service offer online shall allow a consumer to terminate the
16 automatic renewal or continuous service exclusively online, at
17 will, and without engaging any further steps that obstruct or
18 delay the consumer's ability to terminate the automatic
19 renewal or continuous service immediately. The person, firm,
20 partnership, association, or corporation shall provide a
21 method of termination that is online in the form of either of
22 the following:

23 (A) a prominently located direct link or button
24 which may be located within either a customer account
25 or profile, or within either device or user settings;
26 or

1 (B) by an immediately accessible termination email
2 formatted and provided by the person, firm,
3 partnership, association, or corporation that a
4 consumer can send without additional information.

5 (2) The termination requirements of this subsection apply
6 to the automatic renewal terms and continuous service terms of
7 the contract and the remaining provisions of the contract
8 continue to be governed by all applicable laws and
9 regulations.

10 (3) Notwithstanding paragraph (1), a person, firm,
11 partnership, association, or corporation may require a
12 consumer to enter account information or otherwise
13 authenticate online before termination of the automatic
14 renewal or continuous service online if the consumer has an
15 account with the person, firm, partnership, association, or
16 corporation. A consumer who is unwilling or unable to enter
17 account information or otherwise authenticate online before
18 termination of the automatic renewal or continuous service
19 online shall not be precluded from authenticating or
20 terminating the automatic renewal or continuous service
21 offline using another method as described in subsection (c).

22 (e) In the case of a material change in the terms of the
23 automatic renewal or continuous service that has been accepted
24 by a consumer in this State, the person, firm, partnership,
25 association, or corporation shall provide the consumer with a
26 clear and conspicuous notice of the material change and

1 provide information regarding how to cancel in a manner that
2 is capable of being retained by the consumer.

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

6 (1) the requirements in paragraphs (3) and (4) of
7 subsection (a) may be fulfilled after completion of the
8 initial order;

9 (2) the requirements in subsection (b) may be
10 fulfilled after completion of the initial order; or

11 (3) the requirement in subsection (e) shall be
12 fulfilled prior to implementation of the material change.