

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
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As Engrossed: H4/1/25 S4/7/25

A Bill

HOUSE BILL 1820

By: Representative M. Brown

By: Senator M. McKee

For An Act To Be Entitled

AN ACT TO REGULATE AUTOMATIC RENEWAL AND CONTINUOUS
SERVICE OFFERS; AND FOR OTHER PURPOSES.

Subtitle

TO REGULATE AUTOMATIC RENEWAL AND
CONTINUOUS SERVICE OFFERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 4, Chapter 86, Subchapter 1, is amended to add an additional section to read as follows:

4-86-112. Automatic renewal and continuous service offers.

(a) As used in this section:

(1) "Automatic renewal" means a plan, an arrangement, or a provision of a contract that contains a free-to-pay conversion or in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term;

(2)(A) "Clear and conspicuous" means language that is in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from the surrounding text of the same size by symbols or other marks, in a manner that clearly calls attention to the language.

(B) In the case of an audio disclosure, "clear and conspicuous" means language at a volume and in a cadence sufficient to be readily audible and understandable;

(3) "Consumer" means an individual located in this state who seeks or acquires, by purchase or lease, goods, services, money, or credit



for personal, family, or household purposes;

(4) "Continuous service" means a plan, an arrangement, or a provision of a contract that contains a free-to-pay conversion or in which a paid subscription or purchasing agreement continues until the consumer cancels the service;

(5) "Free-to-pay conversion" means, in an offer or agreement to sell or provide goods or services, a provision under which a customer receives goods or a service for free for an initial period and will incur an obligation to pay for the goods or service if the customer does not take affirmative action to cancel the goods or service before the end of the specified period;

(6)(A) "Municipal utility" means a utility owned or operated by a municipality that provides:

(i) Electricity;

(ii) Water;

(iii) Wastewater;

(iv) Cable television; or

(v) Broadband service.

(B) "Municipal utility" includes without limitation a:

(i) Consolidated waterworks system under the Consolidated Waterworks Authorization Act, § 25-20-301 et seq.;

(ii) Utility managed or operated by a nonprofit corporation under § 14-199-701 et seq.; and

(iii) Utility owned or operated by a municipality or by a consolidated utility district under the General Consolidated Public Utility System Improvement District Law, § 14-217-101 et seq.;

(7) "Local government" means:

(A) A county;

(B) A city of the first class, a city of the second class, or an incorporated town; or

(C) Any other state entity or political subdivision of the state or an agency, board, or commission of the state entity or political subdivision of the state; and

(8) "Offer terms" means the following clear and conspicuous disclosures:

(A) That the subscription or purchasing agreement will

continue until the consumer cancels the subscription or purchasing agreement;

(B) The description of the cancellation policy that applies to the offer;

(C) The recurring charges that will be charged to the consumer's credit or debit card or payment account with a third party as part of the automatic renewal plan or arrangement, and that the amount of the charge may change, and if that is the case, include the amount to which the charge will change, if known;

(D) The length of the term of the automatic renewal or continuous service, unless the length of the term is chosen by the consumer; and

(E) The minimum purchase obligation, if any.

(b) A business shall not provide offer terms to a consumer that:

(1)(A) Fail to present the offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity, or, in the case of an offer conveyed verbally, in temporal proximity, to the request for consent to the offer.

(B) If the offer includes a free gift or trial, the offer shall include a clear and conspicuous explanation of the price that will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial;

(2) Charge the consumer's credit or debit card, or the consumer's account with a third party for an automatic renewal or continuous service without first obtaining the consumer's consent to the agreement containing the offer terms, including the offer terms that are made at a promotional or discounted price for a limited period of time;

(3)(A) Fail to provide an acknowledgment that includes the offer terms, cancellation policy, and information regarding how to cancel the policy in a manner that is capable of being retained by the consumer.

(B) If the offer terms include a free gift or trial, the business shall disclose in the acknowledgment how to cancel the free gift or trial and allow the consumer to cancel the automatic renewal or continuous service before the consumer pays for the goods or services;

(4) Fail to obtain the consumer's express consent to the offer terms;

(5) Include any information in the contract that interferes

with, detracts from, contradicts, or otherwise undermines the ability of a consumer to provide the consumer's consent to the automatic renewal or continuous service;

(6) Fail to maintain verification of the consumer's consent for at least three (3) years, or one (1) year after the contract is terminated, whichever period is longer;

(7) Misrepresent, expressly or by implication, any material fact related to the transaction, including without limitation:

(A) The inclusion of an automatic renewal or continuous service; or

(B) Any material fact related to the underlying goods or service; and

(8) Fail to provide a consumer with a notice, before confirming the consumer's billing information and as may be required by subsection (c) of this section, that clearly and conspicuously states:

(A) That the automatic renewal or continuous service will automatically renew unless the consumer cancels the automatic renewal or continuous service;

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

(C) The amount or range of costs the consumer will be charged and, if applicable, the frequency of those charges a consumer will incur unless the consumer takes timely steps to prevent or stop those charges;

(D) One (1) or more methods by which a consumer can cancel the automatic renewal or continuous service;

(E) If the notice required by this subdivision (b)(8) is sent electronically, the notice shall include:

(i) A link that directs the consumer to the cancellation process; or

(ii) Another reasonably accessible electronic method that directs the consumer to the cancellation process if a link is not available; and

(F) Contact information for the business.

(c)(1) Except as required under subdivision (c)(2) of this section, a business shall provide a consumer with the notice required under subdivision

(b)(8) of this section if either of the following occurred:

(A)(i) The consumer accepted a free gift or trial, lasting for more than thirty-one (31) days, that was included in an automatic renewal offer or continuous service offer or the consumer accepted an automatic renewal offer or continuous service offer at a promotional or discounted price, and the applicability of that price was more than thirty-one (31) days.

(ii)(a) The notice required under subdivision (b)(8) of this section shall be provided at least three (3) days before and at most twenty-one (21) days before the expiration of the predetermined period of time for which the free gift or trial or promotional or discounted price, applies.

(b) As used in subdivision (c)(1)(A)(ii) of this section, "free gift" does not include a free promotional item or gift given by the business that differs from the subscription.

(iii) This subdivision (c)(1)(A)(ii) does not apply to an offer if the consumer does not enter into the contract electronically and the business has not collected or maintained the consumer's valid email address, telephone number, or other means of notifying the consumer electronically; or

(B)(i) The consumer accepted offer terms with an initial term of one (1) year or longer, that automatically renews unless the consumer cancels the automatic renewal or continuous service.

(ii) The notice required under subdivision (b)(8) of this section shall be provided at least fifteen (15) days and not more than forty-five (45) days before the automatic renewal offer or continuous service offer renews.

(2) If offer terms requires a notice be provided under both subdivision (c)(1)(A) or subdivision (c)(1)(B) of this section, then only the notice required to be provided under *subdivision (c)(1)(B)* of this section shall be required.

(d)(1) A business that makes an automatic renewal offer or continuous service offer shall provide a toll-free telephone number, an 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 that shall be described in the acknowledgment specified under

subdivision (b)(3) of this section.

(2)(A) Except as provided under subdivision (d)(2)(B) of this section, if a business provides a mechanism for cancellation by toll-free telephone number, the business:

(i) Shall answer calls promptly during normal business hours; and

(ii) Shall not obstruct or delay the consumer's ability to cancel the automatic renewal or continuous service.

(B) If a consumer leaves a voicemail with a business requesting cancellation, the business shall, within one (1) business day, process the requested cancellation or call the consumer back regarding the cancellation request.

(e)(1) In addition to the requirements of subsection (c) of this section, a business that allows a consumer to accept an automatic renewal offer or continuous service offer online shall allow a consumer to terminate the automatic renewal or continuous service exclusively online, at will, and without engaging any further steps that obstruct or delay the consumer's ability to terminate immediately the automatic renewal or continuous service.

(2) The business shall provide a method of termination that is online in the form of:

(A) A prominently located direct link or button that may be located within either a customer account or profile, or within either device or user settings; or

(B) By an immediately accessible termination email formatted and provided by the business that a consumer can send to the business without additional information.

(3) The termination requirements of this subsection shall apply to the offer terms of the contract and the remaining provisions of the contract that continue to be governed by all applicable laws and rules.

(4)(A) Notwithstanding subdivision (d)(1) of this section, a business may require a consumer to enter account information or otherwise authenticate his or her identity online before termination of the automatic renewal or continuous service online if the consumer has an account with the business.

(B) A consumer who is unwilling or unable to enter account information or otherwise authenticate his or her identity online before

termination of the automatic renewal or continuous service online under subdivision (e)(4)(A) of this section shall not be precluded from authenticating or terminating the automatic renewal or continuous service offline using another method under subsection (d) of this section.

(f) Under subsections (d) and (e) of this section, a business that provides a discount offer or other consumer benefit or informs a consumer of the effect of the cancellation shall not be considered to be an obstruction or delay, if the consumer remains able to cancel the automatic renewal or continuous service, as follows:

(1)(A) If the consumer requests to cancel by telephone, the business may present the consumer with a discounted offer, retention benefit, or information regarding the effect of cancellation, if the business first clearly and conspicuously informs the consumer that the consumer may complete the cancellation process at any time by stating that the consumer wants to "cancel" or words to that effect.

(B) If the consumer states the consumer's intention to "cancel" or words to that effect, the business shall promptly process the cancellation and shall not otherwise obstruct or delay the consumer's ability to cancel the automatic renewal or continuous service; and

(2)(A) If a consumer conveys a request to cancel using an online system, the business may display a discounted offer, retention benefit, or information regarding the effects of cancellation, provided that the business simultaneously displays a prominently located and continuously and proximately displayed direct link or button entitled "click to cancel", or words to that effect, with the presentation of the discounted offer, other consumer benefit, or information.

(B) If the consumer utilizes the direct link or button under subdivision (f)(2)(A) of this section, the business shall promptly process the cancellation and shall not otherwise obstruct or delay the consumer's ability to proceed to cancellation.

(g)(1) The ability to cancel the automatic renewal or continuous service under subsection (d) or subsection (e) of this section shall be available to a consumer in the same medium that the consumer used in the transaction that resulted in the activation of the automatic renewal or continuous service, or the same medium in which the consumer is accustomed to interacting with the business, including without limitation in person, by

telephone, by mail, or by email.

(2)(A) If the activation of the automatic renewal or continuous service was by telephone, a telephone number that is capable of being retained by the consumer shall be available to the consumer to cancel the automatic renewal or continuous service.

(B) The telephone number under subdivision (g)(2)(A) of this section shall be clearly and conspicuously displayed on the business's website, if applicable.

(h)(1) If there is a material change in the terms of the automatic renewal or continuous service that has been accepted by a consumer in this state, the business shall provide:

(A) The consumer with a clear and conspicuous notice of the material change; and

(B) Information regarding how to cancel in a manner that is capable of being retained by the consumer.

(2) If there is a change in the fee charged under existing offer terms that has been accepted by a consumer in this state, including changes the consumer affirmatively consented to in an existing plan or arrangement, the business shall provide, no less than seven (7) days and no more than thirty (30) days before the fee change takes effect, the consumer with:

(A) A clear and conspicuous notice of the fee change; and

(B) Information regarding how to cancel in a manner that is capable of being retained by the consumer.

(i)(1)(A) A business shall send an annual reminder to a consumer under an annual automatic renewal agreement or continuous service agreement with the business in the same medium that resulted in the activation of the automatic renewal or continuous service, or the same medium in which the customer is accustomed to interacting with the business, including without limitation, by telephone, mail, or email.

(B) For original in-person or voice-based transactions, the business shall send the reminder required under subdivision (i)(1)(A) of this section by telephone, mail, or any internet-based communication.

(2) The reminder sent under subdivision (i)(1)(A) of this section shall disclose:

(A) The product or service to which the automatic renewal or continuous service applies;

(B) The frequency and amount of charges associated with the automatic renewal or continuous service; and

(C) The means to cancel the automatic renewal or continuous service.

(j)(1) Except as provided under subdivision (j)(2) of this section, the requirements of this section shall apply only before the completion of the initial order for the automatic renewal or continuous service.

(2) The requirements in:

(A) Subdivisions (b)(3) and (b)(8) of this section may be fulfilled after completion of the initial order;

(B) Subsection (c) of this section may be fulfilled after completion of the initial order;

(C) Subsection (h) of this section shall be fulfilled prior to implementation of the material change or fee change; and

(D) Subsection (i) of this section shall be fulfilled annually.

(k) This section does not apply to:

(1) A person subject to the jurisdiction of the:

(A) Bank Commissioner under the Arkansas Banking Code of 1997, chapters 45-50 of Title 23;

(B) Securities Commissioner under the Arkansas Securities Act, § 23-42-101 et seq.;

(C) Insurance Commissioner under the:

(i) Arkansas Insurance Code; or

(ii) Service Contracts Act, § 4-114-101 et seq.;

(D) The Arkansas Public Service Commission under § 23-3-101 et seq.; or

(E) The Federal Communications Commission excluding those persons providing satellite digital radio services;

(2) A municipal utility;

(3) A service provider or its affiliate or subsidiary if the service provider or its affiliate or subsidiary is doing business under a franchise issued by the state or a local government; or

(4) An entity regulated by the Division of Arkansas State Police under the Private Security Agency, Private Investigator, and School Security Licensing and Credentialing Act, § 17-40-101 et seq.

(1)(1) A violation of this section shall constitute an unfair or deceptive act or practice as defined by the Deceptive Trade Practices Act, § 4-88-101 et seq.

(2) All remedies, penalties, and authority granted to the Attorney General under the Deceptive Trade Practices Act, § 4-88-101 et seq., shall be available to the Attorney General for the enforcement of this section.

/s/M. Brown