



STATE PRIVACY AND SECURITY COALITION



March 22, 2018

Honorable Michael Sirotkin, Chair
Senate Economic Development, Housing and General Affairs Committee
Vermont State House
115 State Street
Montpelier, VT 05633

Dear Senator Sirotkin:

The undersigned associations represent hundreds of the country's leading technology companies in high-tech manufacturing, computer networking and information technology, clean energy, life sciences, internet media, ecommerce, education and sharing economy sectors. Our member companies are committed to advancing public policies and private sector initiatives that make the U.S. the most innovative country in the world.

We respectfully propose the attached revisions to Sections 1 and 2 of H.593, the bill related to automatic contract renewals. These amendments would strike the right balance between consumer protection, while allowing for efficient, simple auto renewal processes for Vermont consumers and businesses, while bringing the bill more in line with other state automatic renewal laws. The amendments propose to:

- require clear and conspicuous disclosures of the automatic renewal terms
require Vermonters to affirmatively agree to automatic renewal contracts
require that the business send a confirmation in a form that the consumer can keep, that also includes how to cancel; and
incentivize businesses to provide online cancellation tools available at the convenience of Vermonters who want to cancel their automatic renewal service.

These changes will result in many benefits to Vermont:

- Vermont consumers will be able to elect automatic renewal in the same transaction where they sign up for service. Rather than interrupting consumers with a separate communication about automatic renewals, consumers can see all of the terms that will govern their relationship with the entity in one place, including a retainable copy of those terms. The key element is to be upfront with users at the outset. Clear and conspicuous notice of the agreement terms is essential, but dictation of typeface doesn't make sense in an era where consumers can easily expand text on their devices.
Consumers elect to have automatic renewals for convenience and to maintain services without disruption. They will avoid having to mark their calendars, respond to reminders or have to rejoin thereby possibly avoiding fees or higher prices if they forget to renew the service. Reminders clutter user inboxes or get lost in spam filters, deter from the user experience, and do not give users

new or different information about terms they have already affirmatively agreed. Because provisions of the language we propose require that the user receive a retainable copy of the terms, cancellation policy and instructions on how to cancel the service, there is no need to further burden both companies and customers with additional mandatory notices.

- Vermont consumers will have increased online options to turn off automatic renewals at their convenience due to incentives built into the revisions for entities that offer these tools. Consumers want to be able to take action when they are thinking about cancelling rather than during a specific reminder period. Online cancellation further reduces concerns of customers trapped in contracts without recourse. Vermont consumers should be the ones in control.
- Vermont businesses offering automatic renewals will avoid a cumbersome requirement to have two, separate interactions with their customers, ensuring all relevant terms are clearly and conspicuously presented in one place and all choices can be made up front.
- Vermont will not become an outlier with specific notice requirements mandated in law that would be unique and burdensome to both consumers and businesses. Adoption of our amendments would keep Vermont as an attractive market and in line with consumer protections across the United States.
- Vermont's small and medium sized businesses will not bear the brunt of compliance with annual notices and increased communications to provide customers with ever-more-popular and convenient automatic renewals.

In summary, the undersigned associations believe these proposed amendments to H.593 would bring many benefits to Vermont consumers and companies and would strike the right balance between consumer protection, ease of use of automatic renewal features, and the ability for small and large businesses to comply with the law.

Please feel free to contact Tammy Cota, Executive Director of the Internet Coalition (802-279-3534 or tammy@theinternetcoalition.com) with questions or to discuss the proposed amendments in more detail.

Sincerely,

Internet Coalition
CompTIA
Data & Marketing Association
Internet Association
NetChoice
TechNet
The Association of Magazine Media
State Privacy and Security Coalition