



SENATE MAJORITY OFFICE

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Bill will prohibit misleading and costly automatic contract renewals *Senate takes final vote on SB 487, consumer protection victory for Oregonians*

SALEM – The Senate took final action on a bill this afternoon that will give consumers greater protection from getting trapped in cyclical automatic renewal agreements that can become expensive and burdensome. Senate Bill 487 will require offers involving the automatic renewal of a product subscription to include a clear explanation that the order will automatically renew unless the customer notifies the business to stop.

“The problem with some automatic renewals is that consumers may think they’re purchasing an item once or for a limited amount of time, but poorly disclosed automatic renewal clauses can cause financial hardship and headaches for consumers,” said Senator Suzanne Bonamici (D-NW Portland/Washington Co.), chief sponsor of the bill. “Senate Bill 487 will provide consumers with valuable information regarding contract provisions that can potentially save them significant amounts of money.”

Several types of consumer contracts typically carry automatic renewal provisions, including newspaper and magazine subscriptions and home alarm services. Currently, many automatic renewal clauses are hidden in the fine print of an advertisement’s offer. SB 487 requires “clear and conspicuous” disclaimers regarding automatic renewals. The bill also requires a consumer to affirmatively consent to renew a contract and that the method to terminate the contract be reasonably accessible. There are exemptions for insurance and regulated utility and communications companies.

“Clear and easy to understand disclosures are very basic measures of consumer protection,” said Senate Majority Leader Diane Rosenbuam (D-Portland). “This is a simple bill that will help prevent consumers from signing up for more than they bargained for.”

The Senate also concurred in final amendments for SB 292 this morning, legislation that prevents sellers from imposing cumbersome financial obligations on consumers who sign up for “free trial offers.” Both bills now go to the Governor for his signature.

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