

SPONSOR STATEMENT

CS HB 339 (JUD)

“An Act relating to opt-out marketing plans for sales, to free trial periods for goods or services, and to acts that are unlawful as unfair trade practices.”

CS [HB 339](#)(JUD) prohibits the use of opt-out marketing plans and free trial periods, to sell goods or services, unless specific requirements and disclosures are made to the consumer.

Under CS HB 339(JUD), an opt-out marketing plan is defined as an arrangement under which a seller provides an announcement to a buyer that identifies goods or services that the seller intends to provide to the buyer, unless, by a specific date or within a specific time frame, the buyer notifies the seller not to provide the goods or services. Essentially, an opt-out marketing plan requires the consumer to take action to avoid initial or continuing charges. Some businesses see the use of opt-out marketing plans as a successful marketing ploy; enabling a business to get a product out to a critical number of people, without fully disclosing the terms of the plan, and receiving compensation through unwilling and/or uneducated consumers.

Free trial periods are also a great way to try new products or services without making a long-term commitment to a membership, subscription, or extended service contract. However, consumers should always receive adequate information concerning the extent of the free trial period, and what obligations are required of them.

CS HB 339 (JUD) establishes clear guidelines for businesses to follow that do not result in consumer deception. The required disclosures under CS HB 339 (JUD) include: providing information pertaining to charges, how charges are calculated and collected, a description of the consumer’s right to cancel, and any and all consumer obligations.

Over the past two years, complaints to the Federal Trade Commission (FTC) about unordered merchandise has increased by nearly 60%. Opt-out marketing plans and free trial period scams account for a significant amount of all new reports. Consumers are also turning to state Attorney General Offices’ to complain of unfair and deceptive trade practices by businesses engaging in these plans. Over the past year, there have been a number of high-profile cases, where the State has intervened on behalf of Alaskans.

CS HB 339 (JUD) removes uncertainty in Alaska statutes of what the role and the responsibility is of businesses in protecting consumers and their interests, when using free trial periods and opt-out marketing plans. Businesses will be required to disclose all material terms of these plans, ensuring that the consumer can make the best decision possible to accept goods or services through these introductory type offers.