



MEMORANDUM

TO: Members of the House Economic Development and Small Business Committee

FROM: Wendy Block, Michigan Chamber of Commerce

SUBJECT: MI Chamber Voices Concerns About Unintended Consequences of HB 4843

DATE: Oct. 3, 2023

This memo is to voice the Michigan Chamber's concerns regarding HB 4843. While the bill is intended to provide consumer protections for consumers entering into subscription services and automatic renewal cycles, we are concerned it could jeopardize the very mechanism making this effortless experience possible.

On average, consumers spend \$219 per month on various subscriptions, most of which renew automatically.¹ These subscriptions, which are extremely popular among consumers, cover a wide range of products and services, including apps, audio/video streaming, on-demand delivery, news/magazines, software, food/beverage, consumer products, and more. Recurring subscriptions and trial offers, while convenient, also allow consumers to try new products and offerings without a long-term commitment. And the recurring nature saves consumers from the hassle of manually renewing their subscriptions on a monthly or annual basis.

While we are still soliciting feedback from our members, there are three items of specific concern and question:

- We are concerned that the bill's prescriptive disclosure mandates and consent requirements could restrict businesses—big and small—from making offers to better suit the needs of consumers considering cancellations (page 12).
- We have received questions about the intended scope of the bill (i.e., who/what it is intending to regulate), especially given that some of this activity is already regulated at the federal level. We would respectfully suggest this clarification could be accomplished by defining the term "automatic renewal provision" and "consumer contract" or "contract" (pages 9 and 12).
- We are concerned that HB 4843 is a backdoor avenue for plaintiff attorneys and the state to seek monetary relief for simple missteps and subject more businesses to litigation and class action lawsuits under the MI Consumer Protection Act. The threat of penalties and litigation could have a chilling effect on subscription services as businesses may choose to avoid the legal and financial uncertainty tied to the legislation.

Bottom line: We certainly understand the bill sponsor's desire to protect consumers and generally agree that companies should be transparent about their subscription terms and renewal dates and make it easy for customers to cancel, we are concerned HB 4843 may not be the best way to accomplish this goal.

Please do not hesitate to contact me with any questions at 517-371-7678 or wblock@michamber.com.

¹ <https://www.cnn.com/2022/06/02/consumers-spend-133-more-monthly-on-subscriptions-than-they-realize.html>