

[First Reprint]  
**ASSEMBLY, No. 3892**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

INTRODUCED MAY 9, 2022



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**SYNOPSIS**

Requires online option for cancellation of automatic renewal of subscriptions and health club services contracts entered into online; provides additional options for cancelling health club services contracts under certain circumstances.

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on June 16, 2022.



AN ACT concerning the cancellation of subscription services <sup>1</sup>and health club facility contracts<sup>1</sup> by consumers, amending P.L.1987, c.238, and supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. a. (New section) A subscription service provider selling subscription services online shall provide a consumer with an online option to cancel the <sup>1</sup>automatic renewal of the<sup>1</sup> subscription <sup>1</sup>service<sup>1</sup>. The subscription service provider <sup>1</sup>or a person administering the subscription service<sup>1</sup> shall provide to any eligible consumer <sup>1</sup>[, in a conspicuous and visible manner and in a prominent location,]<sup>1</sup> a direct link or button <sup>1</sup>[by] on the subscription service provider's Internet website through<sup>1</sup> which a consumer can cancel <sup>1</sup>[a] the automatic renewal of the<sup>1</sup> subscription <sup>1</sup>[to the]<sup>1</sup> service. The link or button shall <sup>1</sup>[make it] be in a prominent location on the subscription service provider's Internet website and in<sup>1</sup> clear <sup>1</sup>[that its purpose is to cancel the subscription] and conspicuous text<sup>1</sup>.

b. As used in this section:

<sup>1</sup>"Automatic renewal" means a plan or arrangement in which a paid subscription service is automatically renewed at the end of a definite term for a subsequent term.

<sup>1</sup>"Clear and conspicuous" means 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.<sup>1</sup>

"Consumer" means a resident of this State to whom a subscription service is sold online.

"Subscription service provider" means a person who sells a subscription service to a consumer online.

"Subscription service" means a service provided on a subscription basis in exchange for a reoccurring payment, including, but not limited to, a weekly, monthly, or annual payment charged to and made by a consumer.

c. It shall be an unlawful practice and a violation of P.L.1960, c.39 (C.56:8-1 et seq.) for any person to violate the provisions of this section.

2. Section 4 of P.L.1987, c.238 (C.56:8-42) is amended to read as follows:

4. a. Every contract for health club services shall be in writing.

A copy of the written contract shall be given to the buyer at the time the buyer signs the contract.

b. A health club services contract shall specifically set forth in a conspicuous manner on the first page of the contract the buyer's total payment obligation for health club services to be received pursuant to the contract.

c. A health club services contract of a health club facility which maintains a bond, irrevocable letter of credit or securities, moneys or other security pursuant to subsection a. of section 3 of this act shall set forth that a bond, irrevocable letter of credit or securities,

moneys or other security is filed or deposited with the Director of the Division of Consumer Affairs to protect buyers of these contracts who are damaged or suffer any loss by reason of breach of contract or bankruptcy by the seller.

d. Services to be rendered to the buyer under the contract shall not obligate the buyer for more than three years from the date the contract is signed by the buyer.

e. A contract for new or increased health club services may be cancelled by the buyer for any reason at any time before midnight of the third operating day after the buyer receives a copy of the contract. In order to cancel a contract the buyer shall notify the health club of cancellation by telephone or in writing [,] online, if the contract was entered into online; by regular, registered<sup>1,1</sup> or certified mail, return receipt requested<sup>1[,]</sup>; or personal delivery, to the address specified in the contract. All moneys paid pursuant to the cancelled contract shall be fully refunded within 30 days of receipt of the notice of cancellation. If the customer has executed any credit or loan agreement through the health club to pay all or part of health club services, the negotiable instrument executed by the buyer shall also be returned within 30 days. The contract shall contain a conspicuous notice printed in at least 10-point bold-faced type as follows:

"NOTICE TO CUSTOMER

You are entitled to a copy of this contract at the time you sign it.

You may cancel this contract at any time before midnight of the third operating day after receiving a copy of this contract. If you choose to cancel this contract, you must [either] take any one of the following actions:

- 1. Send a signed and dated written notice of cancellation by regular, registered<sup>1,1</sup> or certified mail, return receipt requested; [or]
- 2. Personally deliver a signed and dated written notice of cancellation to: ..... (Name of health club) ..... (Address of health club) <sup>1</sup>;
- 3. Personally place a telephone call to the health club facility; or
- 4. If you entered into the contract online, use either the direct link on the health club facility's Internet website or through a termination email formatted and provided by the health club facility to cancel the contract online.<sup>1</sup>

If you cancel this contract within the three-day period, you are entitled to a full refund of your money. If the third operating day falls on a Sunday or holiday, notice is timely given if it is mailed or delivered as specified in this notice on the next operating day. Refunds must be made within 30 days of receipt of the cancellation notice to the health club.

'Operating day' means any calendar day on which patrons may inspect and use the health club's facilities and services during a period of at least eight hours, except holidays and Sundays."

f. A health club services contract shall provide that it is subject to cancellation by telephone or written notice online, if the contract was entered into online; sent by regular, registered<sup>1,1</sup> or certified mail, return receipt requested<sup>1[,]</sup>; or personally delivered, to the address of the health club specified in the contract upon the buyer's death

or permanent disability, if the permanent disability is fully described and confirmed to the health club by a physician. In a cancellation under this subsection, the health club may retain the portion of the total contract price representing the services used plus reimbursement for expenses incurred in an amount not to exceed 10% of the total contract price.

g. A health club services contract shall provide that it is subject to cancellation by <sup>1</sup>telephone or written<sup>1</sup> notice <sup>1</sup>online, if the contract was entered into online,<sup>1</sup> sent by <sup>1</sup>regular,<sup>1</sup> registered<sup>1,1</sup> or certified mail, return receipt requested<sup>1[,] ;</sup><sup>1</sup> or personally delivered, to the address of the health club specified in the contract upon the buyer's change of permanent residence to a location more than 25 miles from the health club or an affiliated health club offering the same or similar services and facilities at no additional expense to the buyer. In a cancellation under this subsection, the health club may require proof of the new permanent residence and may retain a prorated share of the total contract price based upon the date the notice was received plus reimbursement for expenses incurred in an amount not to exceed 10% of the total contract price.

h. A health club services contract shall provide that if a health club facility is closed for a period longer than 30 days through no fault of the buyer of the health club services contract, the buyer is entitled to either extend the contract for a period equal to that during which the facility is closed or to receive a prorated refund of the amount paid by the buyer under the contract.

i. A health club services contract shall not obligate the buyer to renew the contract. <sup>1</sup>A buyer who entered into a health club services contract online shall be provided with the option to terminate the automatic renewal of the health club services contract online through a direct link or button on the health club facility's Internet website. The link or button shall be in a prominent location on the health club facility's Internet website and in clear and conspicuous text.<sup>1</sup>

j. If a health club facility is not in existence on the date the contract is executed, the health club services contract shall provide that a buyer of a contract may cancel the contract if the facility is not open for business on a date which shall be set forth in the contract and receive a full refund of any deposit or payment on the contract.

<sup>1</sup>[k. If a health club services contract is entered into online, the buyer shall be entitled to cancel the health club services contract online. Upon request, the health club facility shall provide an online buyer with a direct link which the buyer may use to cancel the health club services contact.]

"Automatic renewal" means a plan or arrangement in which a health club services contract is automatically renewed at the end of a definite term for a subsequent term.

"Clear and conspicuous" means 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.<sup>1</sup>

(cf: P.L.1987, c.238, s.4)

3. This act shall take effect immediately.