



**TECHNET**  
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INNOVATION ECONOMY

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March 13, 2024

The Honorable Matt Klein  
Minnesota Senate  
2105 Minnesota Senate Bldg.  
St. Paul, MN 55155

**RE: SF 3920 – Amendments fail to address concerns raised by TechNet**

Dear Senator Klien,

On behalf of TechNet, I respectfully write to you in opposition to SF 3920 (Gustafson) as drafted, a bill related to automatic contract renewals. As written, we oppose SF 3920 because it contains provisions that do not, in fact help consumers, nor are they in line with a majority of states.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.2 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

Consumers sign up for automatic renewals as convenient, easy to use and hassle-free options to continue services they value. We can support legislation where the convenience we seek to ensure is tempered with responsible protections. It is important to establish clear, workable requirements for paid subscriptions and align with the majority of other states renewal notification obligations in the absence of a national standard. Consumers should be provided a clear, up-front notice of the key terms and conditions of the service agreement for Automatic Renewal or Continuous Service programs.

However, this bill contains various provisions that would primarily require revisions and changes to user interfaces and stipulations on when and how some notifications are made specifically for Minnesota consumers rather than giving them meaningfully different protections from the model outlined above. The cancellation methods outlined in the bill are helpful, but we ask that the criteria for the cancellations be aligned with numerous other states that have such laws. Other states require the method to be cost-effective, timely and easy to use. We believe these criteria are important for consumers. However, requiring every cancellation

method to be listed for consumers in their acknowledgement, or stipulating prescriptive links or “substantially similar” methods as sign up don’t make sense when many cancellation options will be in settings or profiles – clearly not where consumers sign up for these services.

Further, forcing companies to list every cancellation method does not help protect a consumer when their primary method of interaction with the seller is in a specific format (for example in applications or gaming consoles). We have asked for communication of relevant methods or cancellation rather than all, and for there to be online cancellation if there are online offers given.

Beyond this, additional provisions regarding cancellation are overly specific and interfere with consumers’ ability to receive meaningful warnings about important information critical to their decision making. For instance, a consumer needs to know that they may lose information in their account if they cancel and how to deal with this challenge. They should be able to receive increased incentives from the seller if the consumer agrees to continue, or warnings that the rates they have been enjoying as a continuing customer may not be available in the future. Minnesotans should not be prevented from receiving this important information when evaluating their cancellation choices.

In addition, the bill envisions the ability for consumers to inform a seller they want to cancel at some future point – perhaps 7 months and 6 days from when they inform the seller. While some companies may have ways to effectively accommodate this kind of request, others may not. We urge that Minnesota companies not be forced to build such customized features in order to provide the convenience of indefinite service agreements.

While this version of the bill adds an exemption for insurance related entities, it did not include the nearly ubiquitous exemption for entities regulated by the Federal Communications Commission, Federal Energy Regulatory Commission, or a state public utilities commission. These entities’ billing procedures are highly regulated, although indefinite service agreements may not be specifically regulated. It would be highly problematic for consumers if telephone, cellular, gas or electric services were interrupted due to issues with this bill. We urge the inclusion of such an exemption.

Further, the enforcement regime is of concern. These provisions are enforced by the AG under Section 8.31, which allows for a private right of action. This is an entirely disproportionate enforcement mechanism compared to any potential harm. Studies show that attorneys, not consumers, benefit from such enforcement, with one study showing that attorneys’ fees often represent 300-400 percent of the actual aggregate class recovery. As a result, businesses may restrict these popular features rather than increase the likelihood of being the target of potentially frivolous lawsuits and class actions. Instead, enforcement of any violation of this

act should rest solely with the state attorney general, who is best poised to develop a thoughtful, consistent approach to marketplace regulation.

Consumers want hassle-free services that do not require them to take action at the end of each term. Businesses providing valuable consumer services want consistency in laws concerning automatic renewals and continuous services. In its current form, SF 3920 imposes inconvenience and unnecessary costs on Minnesota businesses, while also creating a regime that could annoy consumers.

We appreciate the opportunity to share our concerns and amendment language with the bill author, and are committed to reaching an agreement. However, the language contained in the amendment fail to address our concerns. Please feel to contact me or our local counsel shall you have any questions. Regarding our position.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyler Diers', with a stylized flourish at the end.

Tyler Diers  
Executive Director, Midwest  
TechNet