

SENATE, No. 774

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:
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SYNOPSIS

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

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the cancellation of health club facility contracts
2 and health club services subscriptions by consumers, amending
3 P.L.1987, c.238, and supplementing P.L.1960, c.39 (C.56:8-1 et
4 seq.).

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. a. (New section) A subscription service provider selling
10 subscription services online shall provide a consumer with an online
11 option to initiate the termination of the subscription service entered
12 into online in accordance with the established billing terms and
13 conditions of the agreement. The subscription service provider or a
14 person administering the subscription service shall provide to any
15 eligible consumer, in an easily accessible location, a direct link or
16 button on the subscription service provider's Internet website
17 through which a consumer can initiate termination of the automatic
18 renewal of the subscription service. The direct link or button shall
19 be in a prominent location immediately accessible through:

20 (1) a customer account or profile on the subscription service
21 provider's internet website, or the user settings on a consumer's
22 smartphone or tablet; or

23 (2) a termination email formatted and provided by the subscription
24 service provider that a consumer can email to the subscription service
25 provider without being required to provide any additional
26 information.

27 b. As used in this section:

28 "Automatic renewal" means a plan or arrangement in which a paid
29 subscription service is automatically renewed at the end of a definite
30 term for a subsequent term.

31 "Clear and conspicuous" means in larger type than the
32 surrounding text, or in contrasting type, font, or color to the
33 surrounding text of the same size, or set off from the surrounding text
34 of the same size by symbols or other marks, in a manner that clearly
35 calls attention to the language.

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

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

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

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

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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

3 4. a. Every contract for health club services shall be in writing.
4 A copy of the written contract shall be given to the buyer at the time
5 the buyer signs the contract.

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

10 c. A health club services contract of a health club facility which
11 maintains a bond, irrevocable letter of credit or securities, moneys or
12 other security pursuant to subsection a. of section 3 of this act shall
13 set forth that a bond, irrevocable letter of credit or securities, moneys
14 or other security is filed or deposited with the Director of the Division
15 of Consumer Affairs to protect buyers of these contracts who are
16 damaged or suffer any loss by reason of breach of contract or
17 bankruptcy by the seller.

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

21 e. A contract for new or increased health club services may be
22 cancelled by the buyer for any reason at any time before midnight of
23 the third operating day after the buyer receives a copy of the contract.
24 In order to cancel a contract the buyer shall notify the health club of
25 cancellation **[in writing,]** by telephone to the health club facility
26 location where the contract was entered into or online, if the contract
27 was entered into online; by regular, registered, or certified mail
28 received within the three-day period, return receipt requested**[,];** or
29 personal delivery, to the address specified in the contract. All moneys
30 paid pursuant to the cancelled contract shall be fully refunded within
31 30 days of receipt of the notice of cancellation. If the customer has
32 executed any credit or loan agreement through the health club to pay
33 all or part of health club services, the negotiable instrument executed
34 by the buyer shall also be returned within 30 days. The contract shall
35 contain a conspicuous notice printed in at least 10-point bold-faced
36 type as follows:

37 "NOTICE TO CUSTOMER

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

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

43 1. Send a signed and dated written notice of cancellation by
44 regular, registered, or certified mail, return receipt requested;
45 **[or]**

46 2. Personally deliver a signed and dated written notice of
47 cancellation to: (Name of health club)
48 (Address of health club);

1 3. Personally place a telephone call to the health club facility
2 location where the agreement was initially entered into; or

3 4. If you entered into the contract online, use either the direct
4 link on the health club facility's Internet website, the user settings on
5 your smartphone or tablet, or a termination email formatted and
6 provided by the health club facility to cancel the contract online.

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

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

16 f. A health club services contract shall provide that it is subject
17 to cancellation by telephone or written notice online, if the contract
18 was entered into online; sent by regular, registered, or certified mail,
19 return receipt requested~~[,]~~; or personally delivered, to the address of
20 the health club specified in the contract upon the buyer's death or
21 permanent disability, if the permanent disability is fully described
22 and confirmed to the health club by a physician. In a cancellation
23 under this subsection, the health club may retain the portion of the
24 total contract price representing the services used plus
25 reimbursement for expenses incurred in an amount not to exceed 10%
26 of the total contract price.

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

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

46 i. A health club services contract shall not obligate the buyer to
47 renew the contract. A buyer who entered into a health club services
48 contract online shall be provided with the option to terminate the

1 automatic renewal of the health club services contract online through
2 a direct link or button on the health club facility's Internet website.
3 The link or button shall be in a prominent location on the health club
4 facility's Internet website and in clear and conspicuous text.

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

10 k. As used in this section:

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

14 "Clear and conspicuous" means in larger type than the
15 surrounding text, or in contrasting type, font, or color to the
16 surrounding text of the same size, or set off from the surrounding text
17 of the same size by symbols or other marks, in a manner that clearly
18 calls attention to the language.

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

20
21 3. This act shall take effect on the first day of the third month
22 next following the date of enactment.

23 24 25 STATEMENT

26
27 This bill requires an online option for the cancellation of health
28 club services subscriptions entered into online and provides
29 additional options for canceling health club services contracts under
30 certain circumstances.

31 Under the bill, a subscription service provider is required to
32 provide a consumer with an online option to initiate the termination
33 of the subscription service entered into online in accordance with the
34 established billing terms and conditions of the agreement. In
35 addition, the direct link or button provided to the consumer to initiate
36 termination of the subscription service is to be accessible through:
37 (1) a customer account or profile on the subscription service
38 provider's internet website, or the user settings on a consumer's
39 smartphone or tablet; or (2) a termination email formatted and
40 provided by the subscription service provider that a consumer can
41 email to the subscription service provider without being required to
42 provide any additional information. If a consumer chooses to cancel
43 a health club services contract by mail within three days of entering
44 into the contract, as allowable under current law, the cancellation
45 letter must arrive within three days of entering into the contract. If a
46 consumer chooses to cancel a health club services contract by
47 telephone within three days of entering into the contract, the
48 consumer is to call the health club facility location where the
49 consumer entered into the contract.