

SENATE COMMERCE COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3892

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 4, 2023

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 3892 (1R).

As amended, this bill requires an online cancellation option for health club services subscriptions and gym memberships that are entered into online.

Under the bill, a subscription service provider selling health club services subscriptions online is required to provide a consumer with an online option to cancel the subscription. The subscription service provider is to provide to any eligible consumer a direct link or button by which a consumer can cancel a subscription to the service.

The bill defines “subscription service provider” as a person who sells a subscription service to a consumer online. In addition, the bill defines “subscription service” as health club services 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. “Consumer” is defined as a resident of this State to whom a subscription service is sold online.

It is an unlawful practice for a subscription service provider to violate the provisions of this bill. An unlawful practice under the consumer fraud act is punishable by a monetary penalty of not more than \$10,000 for a first offense and not more than \$20,000 for any subsequent offense. In addition, violations may result in cease and desist orders issued by the Attorney General, the assessment of punitive damages, and the awarding of treble damages and costs to the injured party.

The bill provides that if a health club services contract is entered into online, the buyer is to be entitled to cancel the contract online. Under the bill, a health club services contract may be cancelled before midnight of the third operating day by telephone, regular mail, or online, if the health club services contract was entered into online. The bill also provides that upon the death or disability of the consumer or upon the consumer’s change of personal residence to a location more than 25 miles from the health

club, the consumer may cancel the contract by telephone, regular mail, or online. Under current law, a consumer is required to cancel a health club services contract by written notice sent by registered or certified mail or by personal delivery to the health club facility.

As amended and reported by the committee, Assembly Bill No. 3892 (1R) is identical to Senate Bill No. 2952, as also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS

The committee amended the bill to limit the provisions of the bill concerning online subscriptions to health club services subscriptions and to make a technical change.