



**Vermont Technology Alliance**  
The Voice for Technology in Vermont

**Testimony Re: H. 327 - An act relating to automatic renewal contract provisions  
February 27, 2019**

Thank you for the opportunity to speak to the committee.

I am the executive director of the Vermont Technology Alliance. The vtTA is a non-profit business association with a mission to support, promote, and grow technology jobs and technology businesses in Vermont. We have more than 200 members from throughout the state representing a range of tech areas, including software, IT, manufacturing, telecommunications, energy, and others. These are fast-growing businesses that provide some of the state's highest wages and best benefits.

I am here today regarding H.327, which would amend a law passed last year that imposed new requirements on consumer contracts that contain automatic renewal provisions.

The vtTA supports this legislation, as it revises the law so that it maintains strong consumer protections without mandating burdensome requirements that are not present in any other state which could impact Vermont tech and other businesses.

We are supportive of consumer protection efforts and recognize that there are some businesses that try to take advantage of their customers. But the majority of businesses – including vtTA's members – understand that taking advantage of customers is not a path to long-term growth or success. Unfortunately, last year's legislation would capture Vermont's most dynamic start-ups and best employers, as well as national brands that Vermont consumers and businesses depend on, in the same wide net as a small minority of bad actors.

H.327 appropriately addresses the fact that if not amended, last year's law is more likely to create unintended outcomes for Vermont's entrepreneurs and consumers than it is to add substantive protections.

Without H.327, the current bill would add additional administrative burdens and costs to Vermont's tech and other businesses that offer annual contracts. It could also impact business subscriptions to software and services – from accounting software to website domain registration – that Vermont businesses depend on, which could result in increased prices or loss of service if the provider decides it is not cost-effective to offer it in Vermont. Vermont consumers could potentially face similar impacts for popular subscription services, losing discounts, convenience or their availability.

The federal Restore Online Shoppers Confidence Act already offers protections for any goods or services sold online. Companies must provide clear and conspicuous disclosure of all material terms and obtain the customer's informed consent in order to charge for the transaction.

Further, businesses working across the country must comply with California law, which requires that companies disclose "clearly and conspicuously" what the terms are, and obtain the customer's affirmative consent to the entire agreement when they sign up. H.327 would bring Vermont's protection requirements into alignment with California's – the strongest in the nation.

Without these changes, the existing law will negatively impact Vermont's entrepreneurs and consumers. Vermont businesses would need to apply this requirement to annual subscriptions across all their customers nationally, creating additional operating costs, which would impact small tech businesses. And Vermont-based small businesses will be more likely to comply with the law than out-of-state companies due to the threat of enforcement, putting them at a disadvantage.

Out-of-state businesses will be forced with a choice to comply with the law at additional expense (and likely pass those costs on to Vermont consumers), to not comply with the law and hope to escape notice, or to cease offering products and services to Vermonters.

The bill before you today can prevent those outcomes, protect Vermonters, and continue to let Vermont be a destination for entrepreneurs and businesses, particularly the growing tech sector, which I represent. I urge you to adopt H.327.

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Executive Director  
Vermont Technology Alliance