



**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

WRITTEN TESTIMONY OF TYLER DIERS  
TECHNET  
KENTUCKY GENERAL ASSEMBLY  
INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION  
TECHNOLOGY  
IN OPPOSITION TO HB 106

June 2, 2022

Thank you, members of the Interim Joint Committee Tourism, Small Business, and Information Technology, for allowing TechNet to submit comments during this interim hearing on HB 106.

*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 4.7 million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Olympia, Sacramento, San Francisco, Silicon Valley, and Washington, D.C.*

We want to express our opposition to HB 106, a bill related to automatic renewals, as it would hinder efforts to provide Kentucky consumers the convenience of such tools and would expose well-meaning companies to penalties far beyond other consumer protection violations.

First, the effective date of this bill is unreasonable. July 2022 does not provide sufficient time for Kentucky businesses to build out systems and to ensure compliance. We understand that this effective date was inserted into the bill during the legislative session and not the interim, but would need to be kicked out further to provide ample reminders and acknowledgments by consumers.

Second, this bill significantly deviates from other similar automatic contract renewal laws in the United States. HB 106 would require businesses to inform a consumer every time a contract over a month is about to end. This would result in consumers being inundated with notices and would be required whether or not the consumer signed up for automatic renewals.

Many states don't require reminders at all but states that do have taken a different approach. Most states with reminders only require them on contracts where the initial period is over one year long, and requires a notice to inform the consumer when they are about to be charged unless action is taken to cancel the contract rather than that their contract is about to end. This discrepancy will cause Kentucky companies to create a specific notice different from other states with little benefit to the consumer. In fact, we believe it is more important for the consumer to understand there is a charge coming.

Third, the bill is unclear on who the chief enforcer of the proposed law would be. TechNet firmly believes the Attorney General should have sole authority of enforcing this statute. In addition, the \$5,000 per violation penalty is substantially higher than other fines that are in the statute. These fines and ambiguity around enforcement may lead to frivolous lawsuits with high statutory damages – potentially resulting in companies to stop offering these conveniences to consumers in Kentucky.

Lastly, it is important for the legislature to understand the difference between business-to-business (B2B) contractual and subscription arrangements and consumer contract renewals. Because the intent of such laws is aimed at consumer contracts, we believe the legislature got it right when exempting B2B contracts from the bill.

TechNet was opposed to HB 106 during the 2022 legislative session and remains opposed to the bill as is before this interim hearing today. However, we do believe there is a path forward and would recommend the legislature exploring similar recently enacted laws, such as Tennessee (HB 1652/SB 2279).

Auto-renewal procedures are helpful to many consumers and allow them to make purchases or receive services with ease. We ask that you not advance HB 106, and instead, invite you to work with industry to craft a well-thought-out law that would adequately solve a specific issue, provide remedies in an effective way, and allow companies to continue to offer these conveniences.

Thank you for allowing TechNet to submit these comments. If we can be of further assistance, please don't hesitate to reach out to our organization.