

# California's "Auto Renewal Law" Takes Effect on July 1

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Amendments to California's Automatic Renewal Law (ARL) will take effect on July 1, 2025. Enacted in September 2024 through [Assembly Bill No. 2863](#), the amendments expand disclosure, consent, and cancellation obligations for businesses offering subscription or continuous service plans to California consumers.

The amendments impose several new requirements related to consumer consent, cancellation, and disclosures, including:

- **Affirmative consent.** Businesses must obtain a consumer's express affirmative consent to the renewal terms and retain proof of consent for at least three years or one year after termination, whichever is longer. The law also prohibits contract terms that undermine a consumer's ability to provide meaningful consent.
- **Clear and conspicuous disclosures before enrollment.** Businesses must disclose key terms—such as renewal conditions, billing frequency, cancellation policies, and pricing changes—clearly, conspicuously, and in proximity to the enrollment request.
- **Channel-specific cancellation.** Businesses must allow cancellation through the same method the consumer used to sign up or typically uses to communicate, such as phone, email, mail, or online.
- **Click-to-cancel requirement.** For online subscriptions, businesses must offer a "click to cancel" option. Businesses may present retention offers only if cancellation remains immediate and unobstructed.
- **Prohibition on material misrepresentations.** The law prohibits misleading statements or omissions about any material aspect of the transaction, including the renewal terms.

**Putting It Into Practice:** The amended ARL closely tracks the FTC's [Negative Option Rule](#), particularly in its expanded requirements for disclosure, consent, and cancellation—setting a new compliance benchmark for businesses operating in California. While the CFPB has pulled back in this area, the FTC and state lawmakers continue to advance rulemaking related to unfair or deceptive subscription practices (previously discussed [here](#)).

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