

House Committee on Energy and Commerce
Member Day
Prepared Remarks for Representative Mark Takano (CA-39)
December 12, 2025

Chairman Guthrie, Ranking Member Pallone, and Members of the Committee on Energy and Commerce, thank you for the opportunity to submit this written testimony in support of the Unsubscribe Act. For the past half century, Congress has made clear its ongoing concern with auto-renewing subscriptions, known as negative-option contracts by enacting bipartisan legislation to safeguard consumer choice. Problems around subscription models have spanned the eras, starting from book-of-the-month clubs to telemarketing calls to online streaming services. Subscriptions are easy to enter. They are often much harder to cancel. We need common sense legislation to protect consumers and support businesses, which is why I have spearheaded the Unsubscribe Act.

Consumers face free trials that lock them into a paid subscription after the trial period ends and unwanted subscriptions come at a deep cost. At least half the Nation spends hundreds of dollars every year on subscription services and products that they do not want. This results in billions of lost dollars across the American economy every year. These monetary harms, moreover, are not felt by Americans equally.

Parents with young children are also especially vulnerable to the risks of negative-option contracts. Nearly all parents are familiar with their children signing up for subscriptions or free trials without their consent, only to be hit later with a surprise fee. For example, Apple has refunded over \$32.5 million to customers who were charged for in-app purchases made by children without their approval.

Auto-renewing subscriptions models, particularly from online companies, can also end up cannibalizing local businesses. A subscription model—while profitable—requires substantial resources to start up. That might include a user-interface design team that works on how to attract initial consumers to the product, customer-service agents trained to minimize any cancellations, and a legal team to navigate liabilities. Those resources have payoffs for larger firms: when Amazon added steps to the cancellation process for their Prime members, cancellations dropped 14 percent.

However, these practices drive business away from Main Street. The average small business does not have the resources to compete with subscription-minded bigger firms. In other words, when larger online companies are able to run amok, small business suffers.

That is why I am introducing the Unsubscribe Act which would protect consumers from deceptive business practices by making unwanted subscriptions easy to cancel. The Unsubscribe Act would require sellers to provide customers with a clear understanding of all the terms of the contract. Sellers would have to provide notice when a free or reduced-cost trial has ended and obtain affirmative consent before a consumer is charged for a service. Most importantly, businesses would have to provide a simple way for customers to cancel subscriptions.

Increasing consumer choice unsurprisingly enhances the free market on which the economy rests. Beyond that, making subscription processes more transparent—with clear terms and easy

cancellation options—can have the secondary benefit of increasing innovation. Companies that can keep customers trapped in a subscription focus on doing so rather than improving their services or products. When consumers understand what they are signing up for and can opt out, companies must in fact compete to earn a consumer's purchase.

Clear rules of the road around permissible subscription practices only enhance competition. Regulation, for instance, can help small businesses expand into other states. Unlike larger firms, small businesses are often deterred from branching out to other states because of the disuniformity in the regulatory environment around subscriptions. Nationwide subscription regulations can create a “level playing field,” saving small businesses from needing to study and adopt different practices in each state.

Consumer-friendly practices that make sure Americans do not feel tricked also can *increase* subscriptions. Disclosing information to a customer clearly and checking that a subscription is in fact wanted can increase confidence in a product. For the subscription-wary public, clear information and cancellation processes can help consumers feel more willing to try subscription services, to the benefit of business. Though an unwanted subscription can lead to a short-term win for a company, the long-term success of businesses can depend on consumers in fact wanting their subscriptions. Transparency is better for consumers *and* businesses.

This is not a partisan issue. More than half of the states have statutes governing free-trial, negative-option, or auto-renewing contracts. Those states range from California to Nebraska to Texas. It is equally the case that states from Iowa to Minnesota to North Dakota have called for greater attention to subscription practices.

The Federal Trade Commission has taken action to protect consumers from deceptive subscription practices under both Democratic and Republican administrations. Under the Trump Administration's leadership, the FTC won a historic \$2.5 billion settlement against Amazon because the company automatically enrolled consumers in Prime subscriptions and then made the subscriptions difficult to cancel. The Unsubscribe Act would ensure that the FTC continues to have the congressional authority necessary to ensure consumers aren't harmed by deceptive subscription contracts.

Thank you to my colleagues, Senator Schatz, Senator Kennedy, Congressman Amodei, and Congressman Magaziner for their partnership in and dedication to advancing this proposal.

Chairman Guthrie, Ranking Member Pallone, and Members of the Committee on Energy and Commerce, thank you for your time and attention to this important issue. The digital era has presented a new set of problems and a need for new regulations. It is past time for Congress to continue its legacy of enacting bipartisan legislation to safeguard consumer choice and the market.

Sincerely,

A handwritten signature in black ink, reading "Mark Takano". The signature is fluid and cursive, with the first name "Mark" and last name "Takano" clearly distinguishable.

MARK TAKANO
Member of Congress