

## **BILL ANALYSIS**

C.S.S.B. 1835  
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Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The COVID-19 pandemic, during which people attempting to cancel gym memberships faced excessively lengthy and largely unsuccessful call-to-cancel procedures, illuminated the restrictions of the gym membership cancellation process. The requirements of this process are frustrating and unnecessarily burdensome in the age of the Internet, particularly for individuals with difficulty navigating cancellation policies or disabilities that make the purposefully lengthy cancellation processes less accessible. C.S.S.B. 1835 seeks to address this issue and simplify the process of canceling a gym membership by amending current law relating to certain contract and notice requirements for the cancellation of a health spa membership.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 1835 amends the Occupations Code to revise contract and notice requirements for the cancellation of a health spa membership. The bill requires a health spa operator to include the following statements in a membership contract:

- a statement that any notice a member provides to cancel a contract may be given to a health spa in person, by email, by certified mail, or by telephone, or, for a contract entered into through a website, through the website; and
- a statement describing the information a member must include in a notice to cancel the member's contract.

C.S.S.B. 1835 authorizes a member to cancel the membership contract and receive a refund of unearned payments made under the contract as follows:

- by providing 30 days' notice to the certificate holder of the health spa accompanied by proof of payment made under the contract;
- if the member moves their residence more than 25 miles from any health spa operated by the seller, by providing notice of cancellation to the certificate holder accompanied by proof of payment made under the contract and, if required by the certificate holder, reasonable proof of the move; and
- if on a doctor's order the member cannot physically receive the services provided by the health spa for more than three months because of a significant physical disability, by providing notice of cancellation to the certificate holder accompanied by proof of

payment made under the contract and, if required by the certificate holder, reasonable proof of the disability.

The bill requires a certificate holder who receives notice of cancellation on the grounds of a move or disability to refund the unearned payments made under the contract to the member, or the member's estate, as appropriate, not later than the 30th day after the date the notice is received.

C.S.S.B. 1835 revises the language of the cancellation and refund notice that must be stated in a membership contract in accordance with the bill's provisions.

### **EFFECTIVE DATE**

September 1, 2023.

### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 1835 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute includes a requirement that was absent from the engrossed version for a health spa operator to include a statement in the member contract describing the information a member must include in a notice to cancel the member's contract.

The substitute includes a provision absent from the engrossed establishing that, if required by the certificate holder for the health spa, a member is only entitled to cancel the contract and receive a full refund as a result of a qualifying move or significant physical disability if the member provides require reasonable proof of the move or disability, as applicable. Accordingly, the substitute includes in the language of the cancellation and refund notice that must be stated in a membership contract an authorization for the health spa to require reasonable proof of the move or disability, whereas the engrossed did not include this additional language. The substitute also revises the language in the notice authorizing a health spa to require proof of disability or death by a member's estate if a member dies or becomes totally or permanently disabled after the contract takes effect by specifying that such proof is reasonable proof, whereas the engrossed did not revise this language.

The substitute omits a provision of the engrossed that changed the deadline for a health spa certificate holder who receives applicable notice of a contract cancellation to refund unearned payments made under the contract not later than the 30th day after the date the notice is received to not later than 48 hours after that date.