

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Marc Berman, Chair

AB 2402 (Boerner) – As Amended April 9, 2026

SUBJECT: Health studio contracts: fee limits: multiservice health club studio.

SUMMARY: Exempts a “multiservice health club studio,” as defined, from the \$4,400 limit on contracts for health studio services.

EXISTING LAW:

- 1) Establishes consumer protections for contracts for health studio services. (Civil Code (CIV) §§ 1812.80-1812.98)
- 2) Defines a “contract for health studio services” as a contract for: (1) instruction, training or assistance in physical culture, body building, exercising, reducing, figure development, or physical skill; (2) for the use of the facilities of a health studio, gymnasium or other facility used for the above purposes; or (3) for membership in a group, club, association, or organization formed for any of the above purposes. (CIV § 1812.81)
- 3) Excludes from the definition of “contract for health studio services”:
 - a) Contracts for professional services rendered or furnished by a licensed healing arts practitioner under the Business and Professions Code. (CIV § 1812.81, clause (a))
 - b) Contracts for instruction at schools operating pursuant to the provisions of the Education Code. (CIV § 1812.81, clause (b))
 - c) Contracts for instruction, training, or assistance relating to diet or control of eating habits not involving physical culture, body building, exercising, figure development, or any other such physical skill. (CIV § 1812.81, clause (c))
- 4) Prohibits a contract for health studio services from (1) requiring payments or financing to exceed the term of the contract or (2) contracts terms exceeding three years, as specified (CIV § 1812.84(a))
- 5) Authorizes a consumer to cancel a contract for health studio services in person, via email from an email address on file with the health studio, or via first-class mail anytime cancelation is authorized by the health studio contracts laws. (CIV § 1812.85(b)(1))
- 6) Prohibits a contract for health studio services from requiring payment by the person receiving the services or the use of the facilities of a total amount in excess of \$4,400, inclusive of initiation or initial membership fees and exclusive of interest or finance charges. (CIV § 1812.86)
- 7) Makes any contract for health studio services entered into in reliance upon any willful and false, fraudulent, or misleading information, representation, notice or advertisement of the seller void and unenforceable. (CIV § 1812.92)

THIS BILL:

- 1) Exempts a contract for health studio services with a multiservice health club studio from the \$4,400 payment limit.
- 2) Defines “multiservice health club studio” as a studio that offers three or more of the following amenities:
 - a) Digital platform services, such as on-demand classes.
 - b) Individualized training programming.
 - c) Fitness instructor training or certification.
 - d) Recurring group fitness classes.
 - e) Coworking space.
 - f) Childcare.
 - g) Swimming pool or pools.
 - h) Steam room.
 - i) Laundry services.
 - j) Onsite food and beverage.
 - k) Spa treatments.
 - l) Adult or youth sports programming.
 - m) Locker rooms.

FISCAL EFFECT: Unknown. This bill is keyed nonfiscal by the Legislative Counsel.

COMMENTS:

Purpose. This bill is sponsored by *Equinox*. According to the author:

Asm. Boerner is pleased to author [this bill], a bill that will provide consumers more wellness options. This bill will establish a definition for a "multiservice health club studio", updating a law on fees that has not been updated since 2005. The fitness and wellness industry has evolved significantly since that time. [This bill] would remove the current cap on annual fees for health studios that go above and beyond with their services. This would allow California consumers to engage world-class facilities with prices set by natural market competition, while remaining protected under previously established consumer protection laws and standard oversight for traditional gyms.

Background. California contract law provides protections for consumers of services provided by gyms, studios, and other fitness settings. Specifically, the purpose of the protections as they relate to health studio and gyms “is to safeguard the public against fraud, deceit, and financial hardship, and to foster and encourage fair dealing, and prosperity in the field of health studio services by prohibiting or restricting false or misleading advertising, onerous contract terms, harmful financial practices, and other unfair, dishonest, deceptive, destructive, unscrupulous, fraudulent, and discriminatory practices by which the public has been injured in connection with contracts for health studio services” (CIV § 1812.80).

Specific protections include limiting the maximum amount that can be charged under any given health studio contract to \$4,400, limiting the length of health studio contracts to three years, and limiting a health studio’s ability to force buyers to sign waivers and indemnity clauses. It also provides buyers with three times the amount of actual damages (treble damages) and reasonable attorney fees when health studios violate the contract requirements.

This bill would exempt multi-service health studios, as defined, from the \$4,400 contract limit. The sponsor’s goal is to allow high value, boutique, or luxury gyms who offer services or combinations of services that are not offered by their standard counter parts to charge more under their contracts.

Other States. While other states maintain similar consumer contract protections in varying degrees and combinations, such as the three-year contract term limits, initiation fee caps, and cooling off periods, New York is the only other state that still maintains an overall contract maximum (New York General Business Law, § 623 (2025)). This bill is substantially similar to two New York bills, Senate Bill S8015 (amended as S8015A) and New York Assembly Bill A8638. Those bills are in committee for their 2025-2026 session.

Prior Related Legislation. AB 390 (Berman), Chapter 450, Statutes of 2021, required a business that makes an automatic renewal or continuous service offer to a consumer to provide the consumer with notice before the expiration of a free gift or trial, or temporary or promotional price, included with the offer, and requires these businesses to streamline the cancellation process in accordance with specified criteria.

AB 2810 (Eggman), Chapter 189, Statutes of 2016, required contracts for health studio services to allow a buyer to cancel the contract via first-class mail, via email from an email address on file, or in person.

SB 581 (Figueroa), Chapter 439, Statutes of 2005, would have first increased the \$1,000 limit to \$3,000, including initiation or membership fees, until January 1, 2010, then increased the limit to \$4,400, including the fees.

AB 558 (Correa) of 2003 would have first increased the \$1,000 limit to \$3,000, including initiation or membership fees, until January 1, 2009, then increased the limit to \$4,400. *AB 558 died on the Senate inactive file.*

AB 356 (Correa) of 2002 would have: increased the \$1,000 limit on health studio contracts from to \$2,000 per person, inclusive of initiation fees, but exclusive of interest, finance charges, and payments for optional services; after January 1, 2005, adjusted the \$2,000 limit for on cost-of-living; exempted studios from the \$2,000 limit if the health studio operator established and maintained a bond of at least \$300,000 per operator; and required any health studio opening on

or after January 1, 2003, to maintain a bond of \$250,000 for a period of 5 years. *AB 356 died after rereferral to the Senate Rules Committee.*

AB 357 (Correa) of 2001, among other things, would have increased the \$1,000 contract limit to \$2,500. *AB 357 was vetoed by Governor Davis, writing:*

Although this bill may provide health studios with greater flexibility in providing a variety of services to their customers, I am concerned that this bill will permit health club studios to increase fees by up to 150%. I would be willing to consider a bill that raises the \$1,000 limit on contracts, but only if it truly adds meaningful consumer protections such as a lower threshold for pro-rated refunds and a reasonable limitation on nonrefundable initiation fees.

SB 1744 (Murray) of 2000 would have exempted a health studio from the \$1,000 contract limit if it maintained a \$500,000 bond during the first 10 years of operations. *SB 1744 was vetoed by Governor Davis, writing:*

I understand that this bill would provide health studios with greater flexibility in providing a variety of services to their customers. However, I am not convinced that this bill would continue to ensure consumer protections against excessive fees charged by these studios. Additionally, the requirements that health studios maintain a \$500,000 surety bond for the ten years that they are in operation appear to be excessive. This provision could adversely impact smaller health clubs and force them to go out of business. Finally, this bill would place unnecessary limitations on health studio businesses operating in California, and would impose unwarranted government regulation on industry.

AB 2166 (Young), Chapter 651, Statutes of 1980, among other things, increased the contract limit to \$1,000, exclusive of interest or finance charges.

AB 506 (Z'berg), Chapter 1675, Statutes of 1961, established the laws regulating contracts for health or dance studio services and set the contract limit at a total of \$500.

ARGUMENTS IN SUPPORT:

Equinox (sponsor) writes in support:

[This bill] appropriately recognizes that today's health club market serves a wide range of customers, and that an outdated statutory cap that was designed for a very different era should not apply to modern, multi-service, luxury health clubs. This bill is about respecting consumer choice and allowing the market to meet those diversified needs. In this context, rigid "one-size fits all" fee caps are no longer necessary to protect consumers.

Moreover, the original consumer protection intent of the law is currently reinforced by modern safeguards. California maintains some of the strongest auto-renewal and consumer transparency laws in the nation, and today's consumers are more empowered than ever to manage subscriptions and make informed purchasing decisions. Nothing about [this bill] changes this.

The *Health & Fitness Association* writes in support, “Without a targeted exemption for multiservice facilities, the outdated cap forces high-value health clubs into a legal grey area, discourages capital investment in premium fitness infrastructure, and ultimately limits consumer access to the kind of comprehensive, medically adjacent wellness services that California communities deserve. [This bill] addresses this problem directly by carving out a carefully defined category of facility — one that offers three or more distinct amenities — and exempting those facilities from a price cap that was never designed with them in mind.”

ARGUMENTS IN OPPOSITION:

There is no opposition on file.

IMPLEMENTATION ISSUES:

Exemption Precision. The recent author amendments, which are modeled after a pair of bills pending in the New York Legislature, clarified the types of services that count for an exemption under this bill. However, there may still be combinations of three or more of the listed amenities that could apply to regular clubs and gyms. For example, the combination of a swimming pool, locker room, and sports programming (swim team), is very common at the YMCA. The author and sponsor may wish to continue to refine the services to capture the high value or luxury segment that is intended to be exempted.

REGISTERED SUPPORT:

Equinox (sponsor)
Health & Fitness Association

REGISTERED OPPOSITION:

There is no opposition on file.

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