Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 2402
Author: Boerner (D)
Amended: 4/9/26 in Assembly
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 6/15/26
AYES: Wahab, Choi, Archuleta, Arreguín, Caballero, Grayson, Menjivar, Niello, Smallwood-Cuevas, Strickland, Umberg

ASSEMBLY FLOOR: 69-1, 4/20/26 - See last page for vote

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

SOURCE: Equinox

DIGEST: This bill authorizes a multiservice health club studio to charge more than $4,400 for health studio services.

ANALYSIS:

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: 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 for membership in a group, club, association, or organization formed for any of the above purposes. (CIV § 1812.81)

3) Excludes the following 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 requiring payments or financing to exceed the term of the contract or providing 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 cancellation 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: Digital platform services, such as on-demand classes; individualized training programming; fitness instructor training or certification; recurring group fitness classes; coworking space; childcare; swimming pool or pools; steam room; laundry services; onsite food and beverage; spa treatments; adult or youth sports programming; locker rooms.

Background

Regulation of Health Studio Contracts. California has regulated health studio service contracts for decades to protect consumers from excessive long-term financial obligations and unfair sales practices. Historically, lawmakers were concerned that consumers were being induced to enter into expensive, prepaid memberships that could extend for years, even when circumstances such as death, disability, or relocation made it impossible or impractical to use the services purchased. As a result, existing law provides cancellation and refund rights in specified circumstances, including when a member dies, becomes disabled, or moves beyond a prescribed distance from the health studio.

California's cap on the total financial obligation under a health studio contract was adopted to limit consumers' exposure to substantial future payment obligations. Civil Code § 1812.86 was enacted as part of California's Health Studio Services Contract Law to protect consumers from excessive financial commitments associated with prepaid gym memberships. Prior to 2005, the maximum contract amount had remained at $1,000 since 1981. The cap, together with restrictions on contract duration, arose in response to concerns that consumers were purchasing costly long-term or "lifetime" memberships, sometimes costing thousands of dollars, only to have facilities close or cease operations before the promised services were delivered. In those cases, consumers were often left with little practical recourse despite having paid substantial sums in advance.

SB 581 (Figueroa, Chapter 439, Statutes of 2005) increased the allowable contract amount to $3,000 beginning in 2006 and $4,400 beginning in 2010 while simultaneously expanding cancellation and refund rights. The bill reflected a compromise that allowed higher-priced memberships while preserving safeguards against long-term financial exposure and high-pressure sales practices. Updates to the Health Studio Services Contract Law have typically balanced consumer protection with business flexibility by limiting the size and duration of health studio contracts while requiring cancellation rights, refund provisions, and other consumer safeguards.

SB 581 increased the allowable contract amount from the longstanding $1,000 limit while retaining and expanding consumer protections. At the time, proponents noted that newer full-service health clubs, with amenities like pools, tennis courts, spa facilities, and longer-term memberships, were increasingly offering memberships that exceeded the existing statutory cap. The bill sought to accommodate evolving health club business models without abandoning the law's underlying consumer-protection purpose.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (6/15/2026)

Equinox (source)
Health and Fitness Association

OPPOSITION: (6/15/2026)

None received

ARGUMENTS IN SUPPORT: Equinox writes that "members are not looking for a traditional gym; rather, they prefer a comprehensive lifestyle experience and are willing to pay a premium for it… AB 2402 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 AB 2402 changes this. By allowing pricing to be guided by market competition and consumer choice, AB 2402 will support continued substantial investment in comprehensive health and wellness facilities that meet the diverse needs of Californians. These spaces increasingly serve as hubs for health and wellness, productivity, and community, and offer individuals the ability to exercise, work, access childcare, and engage in wellness services all in one location."

According to the Health and Fitness Association, "California has approximately 12,400 gyms and health clubs currently operating across the state, significantly more than were operating when California's Health Studio Services law was established. Section 1812.86 of the Civil Code enforces a cap on the annual fees a health club can charge. This provision of California law has not been updated since 2005, over twenty years ago, while the fitness and wellness industry has evolved significantly since that time. Since those provisions were written, California has codified the strongest and most comprehensive auto-renewal laws in the United States to protect consumers from unwanted subscriptions. In today's highly competitive marketplace, consumers have a wide range of choices, and pricing should be shaped by natural market competition and consumer demand. The Health & Fitness Association believes lifting these caps would empower a "multiservice health club studio" to better deliver the world-class facilities that Californians deserve.

ASSEMBLY FLOOR: 69-1, 4/20/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Arambula, Ávila Farías, Bains, Bauer-Kahan, Berman, Boerner, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Sharp-Collins, Solache, Stefani, Ta, Tangipa, Valencia, Wallis, Wicks, Wilson, Zbur, Rivas
NOES: Soria
NO VOTE RECORDED: Alvarez, Bennett, Bonta, Flora, Patel, Patterson, Celeste Rodriguez, Sanchez, Schiavo, Ward

Prepared by: Sarah Mason/Anna Billy / B., P. & E.D. /
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