ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

STATEMENT TO

[First Reprint]
SENATE, No. 3306

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 11, 2026

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Senate Bill No. 3306 (1R).

As amended, this bill modifies current law on health club services contracts by requiring the health club facility to notify, by mail or electronically and at least 60 days in advance and again by mail or electronically at least 30 days in advance, the buyer of a contract if a change in ownership of the health club facility is to occur. Notice is to also include the date billing begins under the new business entity and the business name under new ownership. If membership rates and service offerings of the facility are to stay the same but the name of the business is to change upon transfer of facility ownership, this is to be included in the notice as is the stipulation that the contract of a buyer will not be assigned to the new owner if the buyer denies, through written, electronic, or in-person communication, assignment of the contract at least seven days before the date billing under the new entity begins. If the buyer of the contract allows the contract to be assigned to the new owners, the buyer has up to seven days before the date billing under the new entity begins to nullify the contract. Any charges made against the account of the buyer during the seven-day period before billing under the new entity begins, including after a buyer requested nullification of a contract but not before the request was made, are to be refunded by the health club facility within 30 days of receipt of the request to nullify.

If membership rates are to change or there is a decrease in service offerings upon the transfer of ownership of a health club facility, the facility is to notify, once by mail or electronically and at least 60 days in advance and again by mail or electronically at least 30 days in advance, the buyer of a health club services contract: of the ownership change; the change in service offerings or the new membership rates and the date when the new rates and any change in services take effect; the business name of the facility under new ownership; the date the new billing under the new business entity begins; and that the contract

will be assigned to the new owner if the buyer of the contract consents to the transfer through written, electronic, or in-person communication to the health club facility within 30 days of the date of the transfer, which is to be promptly processed by the facility. The buyer of the contract has up to seven days before the date billing under the new entity begins to nullify the contract. If the consent is not received by the health club facility within 30 days before the transfer of ownership, the contract will be deemed cancelled. Any charges made against the account of the buyer during the seven-day period before billing under the new entity began, including after a buyer requested cancellation of a contract but not before the request was made, are to be refunded by the health club facility within 30 days of receipt of the request to cancel.

The bill requires that if a health club facility is to change ownership, the owner of the health club facility is require to post a notice, at least 30 days in advance of the transfer in ownership and for 26 days after the transfer in ownership, in a prominent location in the facility the name of the new business entity; the date billing under the new entity begins; and that the buyer of the contract may elect to decline or approve to have their contract assigned to the new owner for the requisite amount of time as established in the bill. Additionally, the bill stipulates that its provisions addressing changes in ownership of a health club facility do not apply to health club facility closures. The bill also stipulates that if ownership of a health club facility is not changing but the business entity that owns the facility is, notice is to be given to buyers of contracts to the health club facility at least 30 days prior to the change in business entity. Lastly, the bill defines "change in ownership" to mean a change in the ownership of a health club facility upon completion of a transaction that results in the sale, transfer, assignment, or other disposition of 1) all or substantially all of the assets of a health club facility or 2) 51 percent or more of the outstanding equity of a health club facility, whether in memberships; shares of capital stock; or other ownership interests.

As amended and reported by the committee, Senate Bill No. 3306 (1R) is identical to Assembly Bill No. 4048 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) require notice of change in ownership be sent to buyers of health club facility contracts at least 30 days in advance of the change;

(2) establish that certain notices be sent if there is no change in the name of a health club facility;

(3) include, in a notice of change in ownership, the name of the new business entity and the date billing under the new entity begins;

(4) stipulate that a buyer of a health club facility contract has up to seven days before the date billing under the new entity begins to

nullify the assignment of the contract and that a buyer can deny a contract be assigned through in-person communication;

(5) clarify that any charges made against the account of a buyer of a contract after the buyer requests nullification or cancellation of a contract, but not before the request to nullify or cancel was received, are to be reimbursed by the health club facility within 30 days of receiving the request to nullify or cancel a contract;

(6) require that a health club facility post a notice 30 days before a change in ownership information including the name of the new business entity; the date billing under the new entity begins; and that a buyer of a contract may elect to decline or approve assignment of their contract in the requisite timelines as stipulated in the bill;

(7) establish that the provisions of the bill regarding a change in ownership do not apply to closures of a health club facility;

(8) require 30-day notice to buyers of health club facility contracts if there is no change in ownership but there is a change in the business entity;

(9) define “change in ownership;” and

(10) make technical corrections.