

Honolulu, Hawaii

APR 30 2015

RE: S.B. No. 464
S.D. 1
H.D. 2
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 464, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to require:

- (1) Clear and conspicuous disclosure of a continuous service clause for a product or service and the procedure for cancellation;
- (2) Persons charging a consumer's credit or debit card or account for an automatic renewal or a continuous service to obtain affirmative consent from the affected consumer and an acknowledgment regarding terms, cancellation policy, and the cancellation procedure;



- (3) Free trial offers to clearly and conspicuously disclose the right of the consumer to cancel before payment is made and the cancellation procedure; and
- (4) Clear and conspicuous notice of any material change to the terms of an automatic renewal or continuous service offer.

Your Committee on Conference finds that automatic renewal and continuous service offers may be problematic for consumers if there is inadequate disclosure of material terms, informed consent is not obtained prior to billing or charging a consumer for goods or services, or an effective method of cancellation is not provided. Your Committee on Conference further finds that clear disclosure of all terms and conditions in a consumer contract and affirmative consent on behalf of a consumer, prior to being charged for automatic renewal or continuous service offers, are important aspects of consumer protection. Accordingly, this measure enhances the regulation of automatic renewal and continuous service clauses and ensures adequate safeguards for Hawaii consumers subject to these clauses.

Your Committee on Conference has amended this measure by:

- (1) Specifying that a person making automatic renewal or continuous service offers pursuant to a consumer contract must include certain information for the consumer;
- (2) In the case of a material change in the terms of the automatic renewal or continuous service offer, requiring clear and conspicuous notice of the material change and information on how to cancel in a manner that can be retained by the consumer prior to the implementation of the material change;
- (3) Amending the exempt entities to include a telecommunications provider subject to chapter 269, Hawaii Revised Statutes, and a cable operator subject to chapter 440G or 440J, Hawaii Revised Statutes;
- (4) Inserting an effective date of July 1, 2015; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your

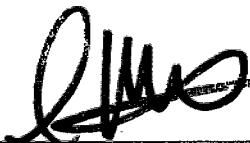


Committee on Conference is in accord with the intent and purpose of S.B. No. 464, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 464, S.D. 1, H.D. 2, C.D. 1.

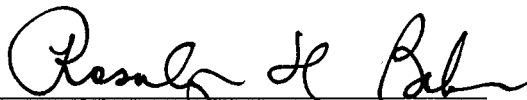
Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



ANGUS L.K. MCKELVEY, Co-Chair



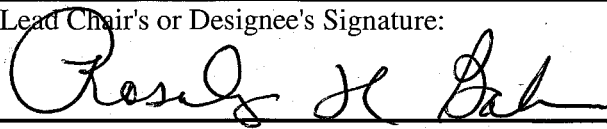
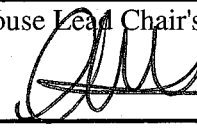
ROSALYN H. BAKER, Chair



KARL RHOADS, Co-Chair



Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 464, SD 1, HD 2					Date/Time: <i>10:02 Am</i> <i>4-29-2015</i>						
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).											
<input type="checkbox"/> The Committee is reconsidering its previous decision.											
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.						
Senate Managers		A	WR	N	E	House Managers		A	WR	N	E
BAKER, Rosalyn H., Chr.		✓				MCKELVEY, Angus L.K., Co-Chr.		✓			
TANIGUCHI, Brian T.		✓				RHOADS, Karl, Co-Chr.		✓			
SLOM, Sam					✓	BROWER, Tom		✓			
						MCDERMOTT, Bob					✓
TOTAL		2	-	-	✓	TOTAL		3	-	-	1
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused				
Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted						House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
Senate Lead Chair's or Designee's Signature: 						House Lead Chair's or Designee's Signature: 					
Distribution:		Original <i>File with Conference Committee Report</i>			Yellow <i>House Clerk's Office</i>		Pink <i>Senate Clerk's Office</i>		Goldenrod <i>Drafting Agency</i>		