

STAND. COM. REP. NO. 1135

Honolulu, Hawaii

March 27, 2015

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

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

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 464, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to better protect consumers by
enhancing the regulation of automatic renewal or continuous
service offers by:

- (1) Requiring persons charging a consumer's credit or debit
card or account for automatic renewal or continuous
service offers to first obtain the consumer's
acknowledgement and affirmative consent;
- (2) Requiring an acknowledgement that includes the terms and
cancellation policy in a manner that is capable of being
retained by the consumer;
- (3) Requiring a person making automatic renewal or
continuous service offers to provide certain contact
information in the acknowledgement; and
- (4) Requiring that the consumer be notified of any material
change in the terms of the automatic renewal or
continuous service offer.



The Office of Consumer Protection of the Department of Commerce and Consumer Affairs and an individual testified in support of this measure. Oceanic Time Warner Cable, Hawaiian Telcom, Internet Coalition, and the Consumer Data Industry Association provided comments on this measure.

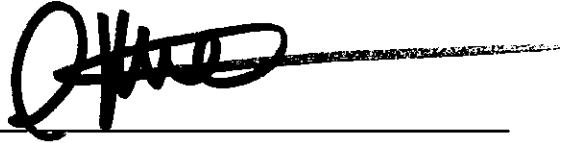
Your Committee has amended this measure by:

- (1) Specifying that a person who sells or offers to sell any products or services to a consumer pursuant to a consumer contract, which has a specified term of more than one month and an automatic renewal clause under which the contract will renew for a specified term of more than one month unless the consumer cancels the contract shall clearly and conspicuously disclose the continuous service clause and procedure by which the consumer can cancel the contract;
- (2) Limiting the requirements of this measure to a consumer contract that has a specified term of more than one month and an automatic renewal clause under which the contract will renew for a specified term of more than one month unless the consumer cancels the contract;
- (3) Prohibiting the charging of a consumer's credit or debit card or account with a third party for an automatic renewal or continuous service without first providing the consumer with an acknowledgement containing certain provisions;
- (4) Defining "continuous service";
- (5) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 464, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 464, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,

A handwritten signature in black ink, appearing to read "AMK", is written over a horizontal line.

ANGUS L.K. MCKELVEY, Chair



