

STAND. COM. REP. NO. **1623**

Honolulu, Hawaii

April 10, 2015

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

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

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 464, S.D. 1, H.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 increase the protection of consumers who purchase products or services through automatic renewal and continuous service agreements by requiring the seller to:

- (1) Provide the consumer with clear and conspicuous disclosure of the renewal clause or continuous service clause and the method to cancel the agreement;
- (2) Provide an acknowledgement that notifies the consumer of the terms of the automatic renewal offer prior to charging the consumer's credit card, debit card, or account with a third party;
- (3) Provide the consumer with a cost-effective, timely, and easy-to-use mechanism for cancellation; and
- (4) Notify the consumer of material changes and the method by which the consumer may cancel the agreement.



Oceanic Time Warner Cable testified in support of this measure. The Office of Consumer Protection testified in support and recommended amendments. The Consumer Data Industry Association provided comments and recommended amendments. TechNet testified in opposition.

Your Committee has amended this measure to:

- (1) Clarify that existing and amended requirements for automatic renewal clauses apply equally to continuous service clauses;
- (2) Remove cross-references to section 481-9.5 (a) and (b) which are solely related to automatic renewal clauses. The omission of the cross-references clarifies that this measure applies to automatic renewal clauses and continuous service agreements;
- (3) Define the term "automatic renewal" and clarify the meaning of "continuous service";
- (4) Clarifies that the requirement for clear and conspicuous notice to the consumer of a material change in terms and the opportunity to cancel the agreement prior to the implementation of the material change applies to continuous service agreements;
- (5) Change its effective date to March 15, 2038; and
- (6) Make technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 464, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 464, S.D. 1, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary,

Karl Rhoads

KARL RHOADS, Chair



