

JAN 18 2008

A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the advancement in
2 wireless technology has increased the affordability and use of
3 mobile wireless phone services. Many people, particularly
4 elderly individuals and individuals with special needs, use
5 mobile wireless phones as a safety tool in case of an emergency.

6 Billing practices of companies providing mobile wireless
7 phone services are often complex and difficult to understand.
8 Consumers have frequently found themselves in a long term
9 contract with higher than expected monthly bills. In addition,
10 service providers unfairly lock consumers into these long-term
11 contracts with high cancellation costs.

12 The purpose of this Act is to protect consumers from high
13 mobile wireless phone service contract cancellation costs and to
14 promote a more competitive market where consumers choose their
15 mobile wireless phone service provider based on quality of
16 service rather than length of contract, by prohibiting wireless



1 telecommunication service providers from charging unfair
2 penalties for service agreement cancellation.

3 SECTION 2. Chapter 269, part I, Hawaii Revised Statutes,
4 is amended by adding a new section to be appropriately
5 designated and to read as follows:

6 "§269- Wireless telecommunication providers; early
7 termination fee. (a) For the purposes of this section
8 "wireless telecommunication service" means commercially
9 available interconnected mobile phone service that provides
10 access to the public switched telephone network (PSTN) via a
11 mobile communication device employing radiowave technology to
12 transmit calls, including cellular radiotelephone, broadband
13 Personal Communications Services (PCS), and digital Specialized
14 Mobile Radio (SMR). "Wireless telecommunication service" does
15 not include mobile satellite service or mobile data service used
16 exclusively for the delivery of nonvoice information to a mobile
17 device.

18 (b) "Month-to-month account" means an agreement for
19 wireless telecommunication service where the customer is not
20 required to purchase more than one month of service.

21 (c) "Prepaid account" means an agreement for wireless
22 telecommunication service for a specified dollar amount less



1 than one hundred dollars that the customer pays in full before
2 receiving service.

3 (d) Each provider of wireless telecommunication service
4 shall extend to new service customers, without cost or penalty,
5 a grace period of at least thirty days after executing the
6 agreement, or ten days after receipt of the first bill,
7 whichever is later, for customers to cancel the service
8 agreement and terminate service, if the customer finds that the
9 service quality is unsatisfactory, except that the customer
10 shall pay for those services used before the cancellation of the
11 service agreement. Each wireless telecommunication service
12 agreement shall provide reasonable notice of this grace period
13 and the right of the customer to cancel the agreement if the
14 customer finds that the service quality is unsatisfactory.

15 (e) Each provider of wireless telecommunication service
16 shall extend to existing customers, without cost or penalty, a
17 grace period of at least thirty days after executing an
18 agreement for additional service, renewal of service, or
19 modification of service, for customers to cancel the agreement
20 and terminate service, if the customer finds that the service
21 quality is unsatisfactory, except that the customer shall pay
22 for those services used before the cancellation of the



1 agreement. Each new wireless telecommunication service
2 agreement with an existing customer shall provide reasonable
3 notice of this grace period and the right of the customer to
4 cancel the agreement if the customer finds that the service
5 quality is unsatisfactory.

6 (f) If an agreement for wireless telecommunication service
7 is canceled after the grace period and before the end of the
8 term of the agreement, any early termination fee or penalty
9 shall be reduced by a fraction equivalent to the number of
10 months in the agreement term that have elapsed over the total
11 number of months in the agreement term.

12 (g) This section does not apply to a month-to-month
13 account or a prepaid account.

14 (h) A third-party vendor of wireless telecommunication
15 service shall not charge a customer any early termination fee or
16 penalty payable to the third-party vendor for canceling an
17 agreement for wireless telecommunication service before the end
18 of the term of the service agreement."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on January 1, 2009.

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INTRODUCED BY:

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Report Title:

Consumer Protection; Wireless Telecommunication Service Provider

Description:

Protects consumers and encourages market competition by prohibiting wireless telecommunication service providers from charging unfair service agreement cancellation penalties.

