

STAND. COM. REP. NO.

399

Honolulu, Hawaii

Feb 17, 2011

RE: H.B. No. 663
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 663 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose of this bill is to increase consumer protections by requiring that all contracts with automatic renewal clauses provide clear disclosure of the renewal provisions at the inception of the contract and immediately prior to the renewal.

The Department of Commerce and Consumer Affairs (DCCA) testified in support of the intent of this bill and offered alternative language that would provide stronger protections for consumers.

Your Committee has amended this measure by inserting new language that will require the person selling the product or service pursuant to an automatically renewing contract to not only disclose the automatic renewal clause clearly and conspicuously in the contract but to also notify a consumer with a contract term of 12 months or more of the automatic renewal in writing within a specified time frame.

Your Committee also amended this bill by:

- (1) Changing its effective date to July 1, 2020, to encourage further discussion; and

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- (2) Making technical, nonsubstantive amendments for consistency, clarity, 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 H.B. No. 663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 663, 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,



ROBERT N. HERKES, Chair



