

STAND. COM. REP. NO.

941

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 663
H.D. 2

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

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 663, H.D. 1, 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, and a concerned individual testified in support of this bill. The Hawaii Bankers Association raised concerns and suggested amendments. Legislative Information Services of Hawaii, Direct Marketing Association, and State Privacy and Security Coalition, Inc., provided comments.

Your Committee has amended this bill by:

- (1) Limiting its provisions to commercial contracts, and defining "consumer";
- (2) Clarifying that the notification provided to the consumer regarding the automatic renewal of a consumer contract and the deadline for the cancellation of the consumer contract also contain clear and conspicuous information on how to cancel the contract;

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- (3) Stipulating that any person who fails to cancel an automatic renewal contract upon a consumer's request to do so shall be deemed to have engaged in an unfair method of competition and unfair or deceptive act or practice in the conduct of any trade or commerce; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 663, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 663, H.D. 2.

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



GILBERT KEITH-AGARAN Chair



