

**SENATE COMMITTEE ON
ECONOMIC DEVELOPMENT AND TECHNOLOGY**

February 8, 2012

Senate Bill 2258 Relating to Telecommunications

Chair Fukunaga and members of the Senate Committee on Economic Development and Technology, I am Rick Tsujimura, representing General Motors, LLC (General Motors).

General Motors requests an amendment to Senate Bill 2258 Relating to Telecommunications.

We request that the following be added to the definition in subsection (b) as follows: “but does not include a device that is physically or electronically integrated into the motor vehicle.” This is to exclude the OnStar program in General Motors cars.

Thank you for the opportunity to present this testimony.



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External Affairs

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February 8, 2012

The Honorable Sen. Carol Fukunaga
Chair, Committee on Economic Development and Technology

*Re: Testimony Opposing Senate Bill 2258
Hearing before the Senate Committee on Economic Development and Technology
2-8-12, 2:15 p.m., Room 016*

Senator Fukunaga and Members of the Committee:

AT&T strongly opposes Senate Bill 2258, which would limit the ability of wireless carriers to offer consumers service contracts for more than one-year periods. This legislation would harm consumers by effectively increasing the cost of wireless devices, making these devices less accessible to consumers. The practical effect would be to dramatically alter our ability to offer costly smartphones, such as Blackberries, iPhones and Android devices at an up front cost more affordable to consumers. Further, the legislation suffers from serious legal defects. In the competitive wireless industry, many options are already available to those customers who do not want a contract longer than one year, including month-to-month and prepaid plans.

This bill would harm customers in Hawaii. Through the use of term contracts, wireless carriers are able to offer customers significant discounts for wireless devices. This is the bargain that wireless carriers make with customers: we can greatly discount the cost of high-priced wireless devices, but only if customers are willing to stay with us for a certain amount of time, usually two-years. This allows a carrier time to recover the cost of acquiring a customer. If wireless carriers are limited to one-year contracts, the cost of wireless devices will very likely increase to account for the shorter period of time that customers may be with us.

We know that customers would be very unhappy if forced to pay higher prices for wireless devices because we were prohibited from offering anything longer than one-year contracts. Customers understand the deal they are getting, and many choose two-year contracts – along with the heavy discounts or even free devices – that come with these contracts.

Legally, carriers and customers have a fundamental liberty to enter into contracts of mutually agreeable terms. Mandating that carriers and consumers can only enter into contracts that last 12 months or less frustrates that liberty and unlawfully imposes unique contractual requirements only on the wireless industry.

The bill is also legally infirm because it regulates rates and entry of wireless service. It prohibits wireless service providers from offering particular wireless services or a specific rate structure. For example, this provision would prohibit providers of wireless service from offering a service plan that provides lower up-front costs if the customer agrees to a contract with a term longer than 12 months. State regulation of rates and entry by wireless carriers contravenes federal law.

There simply is no reason to deprive customers of the choice to enter a two-year or longer contract with the discounts that come with them. If a customer does not want a contract longer than one-year, he or she already has the option to choose a month-to-month plan for wireless service or prepaid wireless service.

For these reasons, we urge you to oppose Senate Bill 2258. Please let customers in Hawaii have the choice to continue receiving discounts on the wireless devices they value so much. They can lose this choice if contracts are limited to one year.

Respectfully Submitted,

Dan Youmans, AT&T

fukunaga2 - Ashley-Jane

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 07, 2012 1:36 AM
To: EDTTestimony
Cc: pandiorama@yahoo.com
Subject: Testimony for SB2258 on 2/8/2012 2:15:00 PM

Testimony for EDT 2/8/2012 2:15:00 PM SB2258

Conference room: 016
Testifier position: Support
Testifier will be present: No
Submitted by: Andrea Hamblin
Organization: Individual
E-mail: pandiorama@yahoo.com
Submitted on: 2/7/2012

Comments:

fukunaga2 - Ashley-Jane

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2012 1:15 PM
To: EDTTestimony
Cc: debrab@financefactors.com
Subject: Testimony for SB2258 on 2/8/2012 2:15:00 PM

Testimony for EDT 2/8/2012 2:15:00 PM SB2258

Conference room: 016
Testifier position: Support
Testifier will be present: No
Submitted by: Debra Bringman
Organization: Individual
E-mail: debrab@financefactors.com
Submitted on: 1/31/2012

Comments:

fukunaga2 - Ashley-Jane

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 06, 2012 5:39 PM
To: EDTTestimony
Cc: bpaeste@hotmail.com
Subject: Testimony for SB2258 on 2/8/2012 2:15:00 PM

Testimony for EDT 2/8/2012 2:15:00 PM SB2258

Conference room: 016
Testifier position: Support
Testifier will be present: Yes
Submitted by: Eusebio Paeste
Organization: Individual
E-mail: bpaeste@hotmail.com
Submitted on: 2/6/2012

Comments:

I totally support this SB2258 because the cellular companies keep you hostage for the duration of the contract. If one was to up- grade your phone plan or you purchase a new phone you have to pay a migration fee anywhere from \$200. You're doing business with the same company. I do not want to be tied up to a contract that no longer meets my consumer needs. I also think these companies should be regulated.