

**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 T-Mobile USA, Inc.

T-Mobile offers the following comments in opposition to Senate Bill 2258. While the legislation appears to be aimed at protecting consumers signing up for wireless telephone service, the bill in fact is anti-consumer for the following reasons:

- Today wireless consumers benefit from having a wide variety of choices for their wireless service, including the type of contract terms they can agree to. By offering two-year contracts to consumers, wireless carriers including T-Mobile create the opportunity to amortize the cost of the wireless device the customer selects over the course of the contract, thereby reducing the upfront cost of devices to the consumer, including but not limited to the ability to receive a device without cost at the time of purchase of the service.
- As a result, if the Senate decides to limit all wireless contracts to one-year, a likely result will be to increase costs to consumers.
- For consumers who do not want to agree to a two-year contract, there are many other robust options available to them, including no contract offerings that enable the freedom for the customer to stay with or leave their current provider as they wish. These options are also often among the least expensive and most cost-effective for customers.
- In addition, it is arguable that an effort by the state to dictate what contract options a wireless carrier can and cannot offer its customers is a violation of Section 332 of the federal Telecommunications Act as it ultimately impacts the rates that carriers can charge. Rate regulation is pre-empted from state action under the Act.
- For these reasons, T-Mobile must oppose SB2258.

Thank you for the opportunity to present this testimony.