STAND. COM. REP. NO. 689-24

Honolulu, Hawaii

, 2024

FEB 2 9

RE: H.B. No. 2045

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2045 entitled:

"A BILL FOR AN ACT RELATING TO AUTOMATIC RENEWALS,"

begs leave to report as follows:

The purpose of this measure is to expand the existing law governing automatic renewal clauses to include contracts with specified terms of one month and with automatic renewal clauses under which the contracts will automatically renew with specified terms of one month.

Your Committee received testimony in opposition to this measure from the Motion Picture Association and IHRSA-the Global Health & Fitness Association. Your Committee received comments on this measure from the Service Contract Industry Council.

Your Committee finds that in contracts with automatic renewals, sellers automatically renew consumers' subscriptions when they expire, unless consumers affirmatively cancel the subscriptions. Your Committee further finds that the existing state law regarding the disclosure of an automatic renewal clause and the procedure for cancelling an automatic renewal only applies to consumer contracts with a specified term of more than one month and an automatic renewal clause under which the contract will automatically renew for a specified term of more than one month.

This measure expands the existing state law to include contracts with specified terms of one month and automatic renewals with specified terms of one month.

Your Committee has amended this measure by:

- (1) Specifying that a notice of material change must be sent to a consumer no less than thirty days before the effective date of any material change;
- (2) Exempts affiliates of insurers, providers of service contracts, and affiliates of those providers from the law governing automatic renewal clauses and continuous service clauses;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, 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. 2045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2045, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

MARK M. NAKASHIMA, Chair

State of Hawaii House of Representatives The Thirty-second Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB2045	Committee Referral:	Date	02-27-	-24
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)				
2. SAYAMA, Jackson D. (VC)				
3. AMATO, Terez				
4. BELATTI, Della Au		1111		7-211 HACESSIN-2111-2111-2111-2111-2111-2111-2111-21
5. HASHEM, Mark J.		778 - 1 78 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178 - 178		1896 2002
6. HUSSEY-BURDICK, Natalia				
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7. GATES, Cedric Asuega			3.400 (1.00	
8. LOWEN, Nicole E.				-
9. ONISHI, Richard H.K.				
10. TAM, Adrian K.			819150 (411194) 3122111 (Talanda a sa
11 DEDICK FRak				
11. PIERICK, Elijah				
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TOTAL (11)	16			1
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				