

Honolulu, Hawaii

MAR 21 2011

RE: H.B. No. 663
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which
was referred H.B. No. 663, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose and intent of this measure is to require clear
and conspicuous disclosure of cancellation procedures for all
consumer contracts and offers that contain automatic renewal
provisions, with additional disclosure requirements for contracts
with a term of twelve months or more.

Your Committee received testimony in support of this measure
from the Office of Consumer Protection of the Department of
Commerce and Consumer Affairs. Your Committee received testimony
in opposition to this measure from the Hawaii Credit Union League,
Hawaii Bankers Association, Property Casualty Insurers Association
of America, and GEICO. Your Committee received comments on this
measure from Legislative Information Services of Hawaii and
Oceanic Time Warner Cable.

Your Committee finds that the disclosure of automatic
contract renewal clause provisions required by this measure offers
reasonable protections to consumers and allows for communication
of the required disclosure through various types of media
therefore reducing the burden of compliance for contracting
entities.



Your Committee has amended this measure by:

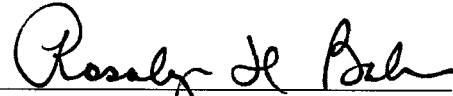
- (1) Clarifying that the notice requirement contained in this measure applies to contracts with a specified term of more than one month and an automatic renewal clause that triggers renewal of the contract for a specified term of more than one month;
- (2) Removing the requirement that the renewal notice is required to be provided in writing to accommodate contracts that are entered into orally;
- (3) Inserting a definition of "clearly and conspicuously" that conforms to the Federal Trade Commission's definition of that term;
- (4) Inserting an exemption from disclosure requirements for financial institutions that are already regulated by state and federal banking laws and that engage in regulated activities;
- (5) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that the language of this measure, as amended, is a result of collaboration among stakeholders, including the State's regulatory agency. Your Committee also notes that the exemption for financial institutions contained in this measure applies only to regulated entities engaged in activities that are already subject to extensive state and federal regulations that include disclosure requirements that may conflict with those contained in this measure.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 663, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 663, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary and Labor.



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

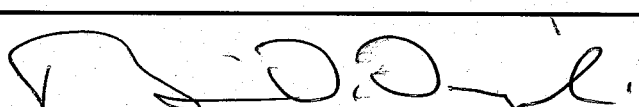


ROSALYN H. BAKER, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:
HB 663, HD2	CPN, JDL	3/17/2011
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
BAKER, Rosalyn H. (C)	✓	
TANIGUCHI, Brian T. (VC)	✓	
GALUTERIA, Brickwood		
GREEN, M.D., Josh		
NISHIHARA, Clarence K.	✓	
SOLOMON, Malama		
SLOM, Sam	✓	
TOTAL	4	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 		
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy		

*Only one measure per Record of Votes