



# House of Representatives

General Assembly

**File No. 216**

February Session, 2000

Substitute House Bill No. 5589

*House of Representatives, March 23, 2000*

The Committee on General Law reported through REP. FOX of the 144<sup>th</sup> Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***An Act Requiring Disclosure Of Rate Information On Prepaid Calling Cards.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 (NEW) (a) As used in this section, (1) "prepaid calling card  
2 company" means a company that provides a prepaid calling service to  
3 the public using its own network or resold services, (2) "prepaid  
4 calling service" means a prepaid telecommunications service that  
5 allows an end user to originate a call using an access number and  
6 authorization code, and (3) "telecommunications service" means  
7 telecommunications service, as defined in section 16-247a of the  
8 general statutes.

9 (b) Each prepaid calling card company that sells or offers for sale  
10 prepaid calling cards shall, at the time of sale, disclose clearly and  
11 conspicuously: (1) The amount that will be charged for each minute of  
12 use after deducting any application, activation or other fee; (2) any  
13 rounding of time used by the consumer and the formula of

14 computation of such rounding of time; (3) any application or other fees  
15 charged to the consumer; (4) any restrictions on use of the prepaid  
16 calling card; and (5) a toll-free consumer assistance telephone number.

17 (c) The Commissioner of Consumer Protection, after consultation  
18 with the Department of Public Utility Control, may adopt regulations  
19 in accordance with the provisions of chapter 54 of the general statutes,  
20 prescribing additional information that a prepaid calling card  
21 company shall provide to consumers at the time of purchase.

22 (d) A violation of this section shall be deemed an unfair or deceptive  
23 practice under section 42-110b of the general statutes.

**GL Committee Vote:** Yea 14 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Explanation Below

**Affected Agencies:** Department of Consumer Protection,  
Department of Public Utility Control

**Municipal Impact:** None

**Explanation**

**State Impact:**

The bill requires the Department of Consumer Protection, in consultation with the Department of Public Utility Control, to adopt regulations prescribing certain information that must be disclosed to customers at the time a pre-paid calling card is purchased. It is anticipated that no fiscal impact will result from this requirement.

A violation of provision of this bill is deemed an unfair trade practice. Under the Unfair Trade Practices Act, the Department of Consumer Protection (DCP) has two methods for resolving complaints, 1) formal administrative hearings; or 2) forwarding the complaint to the Attorney General's office for litigation. If most of the cases are handled administratively by DCP, the workload increase to the Office of the Attorney General is expected to be minimal and can be handled within the agency's anticipated budgetary resources. Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, the extent of the additional revenue cannot be

determined, as it would depend upon the number of violations which occurred and the amount of the penalties that are imposed. There would be a minimal workload increase for the DCP associated with increased consumer inquiries and complaints and the possible hearings as a result of this bill. This, along with other minimal cost bills, could cause the Department of Consumer Protection to go beyond the anticipated budgetary resources of the agency.

**OLR Bill Analysis**

sHB 5589

***AN ACT REQUIRING DISCLOSURE OF RATE INFORMATION ON PREPAID CALLING CARDS.*****SUMMARY:**

This bill requires a prepaid calling card company to disclose clearly and conspicuously at the time of sale (1) the charge for each minute after deducting application, activation, or other fees; (2) any rounding of time used and the formula used to calculate it; (3) any application or other fees; (4) any restrictions on using the card; and (5) a toll-free consumer assistance phone number. The bill applies to companies that use their own network or resell prepaid calling services provided by other companies. A "prepaid calling service" is a prepaid telecommunications service that allows a consumer to make a call using an access number or authorization code.

It authorizes the consumer protection commissioner, in consultation with the Department of Public Utility Control, to adopt regulations prescribing additional information that must be disclosed at the time of purchase.

A violation is an unfair trade practice.

EFFECTIVE DATE: October 1, 2000

**BACKGROUND*****Connecticut Unfair Trade Practices Act***

Under the Unfair Trade Practices Act, the consumer protection commissioner may investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief,

accept voluntary statements of compliance, and issue regulations defining what constitutes an unfair trade practice. The act also allows individuals to bring suit. Courts may issue restraining orders; award actual and punitive damages, costs and reasonable attorney's fees; and impose civil penalties up to \$5,000 for willful violations and \$25,000 for violating restraining orders.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 14    Nay 0