



House of Representatives

File No. 582

General Assembly

February Session, 2000

(Reprint of File No. 216)

Substitute House Bill No. 5589
As Amended by House Amendment
Schedules "A" and "B"

Approved by the Legislative Commissioner
April 13, 2000

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) Any surcharges or fees, including monthly fees, per
12 call access fees and surcharges for the first minute or unit of use that
13 may be applicable to the use of the prepaid calling card; (2) any
14 rounding of time used by the consumer and the formula of
15 computation of such rounding of time; (3) any application or other fees

16 charged to the consumer; (4) any restrictions on use of the prepaid
17 calling card; and (5) a toll-free consumer assistance telephone number.

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

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

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:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Department of Consumer Protection

Municipal Impact: None

Explanation

State Impact:

The bill as amended requires the Department of Consumer Protection 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 as amended 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.

House "A" modifies the information that must be disclosed to customers at the time a pre-paid calling card is purchased, which has no fiscal impact.

House "B" eliminates the requirement that the Department of Consumer Protection consult with the Department of Public Utility Control in adopting regulations. This change has no fiscal impact.

OLR Amended Bill Analysis

sHB 5589 (as amended by House "A" and "B")*

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) any fees or surcharges applying to the use of a card, including monthly fees, per call access fees, and surcharges for the first minute or unit of use; (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 that other companies provide. 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 to adopt regulations prescribing additional information that must be disclosed at the time of purchase.

A violation is an unfair trade practice.

*House Amendment "A" replaces the original bill's (File 216) requirement that calling card companies disclose the amount that will be charged for each minute of use with the requirement that companies disclose surcharges and fees that apply to card use.

*House Amendment "B" eliminates the requirement that the consumer protection commissioner consult with the Department of Public Utility Control before adopting regulations.

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.

Legislative History

The House referred the bill (File 216) to the Judiciary Committee on March 28. On March 31, the committee reported the bill favorably without change.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute
Yea 14 Nay 0

Judiciary Committee

Joint Favorable Report
Yea 26 Nay 0