

SUBJECT: Disclosure of rates and service terms on prepaid calling cards

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 14 ayes — Wolens, S. Turner, Alvarado, Bailey, Brimer, Counts, Craddick, Danburg, Hilbert, Hunter, Longoria, Marchant, McCall, Merritt

0 nays

1 absent — D. Jones

SENATE VOTE: On final passage, April 20 — 30-0

WITNESSES: (*On House companion bill, HB 2726*)
For — Janee Briesemeister, Consumers Union Southwest Regional Office

Against — None

DIGEST: SB 1020 would authorize the Public Utility Commission (PUC) to adopt and enforce rules requiring companies to disclose the rates and terms of service for prepaid calling cards.

Violation of a PUC rule adopted under the bill would be subject to enforcement under Chapter 15, Subchapter B of the Utilities Code, allowing injunctive relief and administrative and civil penalties and making wilful and knowing violations a third degree felony, punishable by two to 10 years in prison and an optional fine of up to \$10,000.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS SAY: SB 1020 would put a stop to deceptive marketing practices employed by some prepaid calling card companies. Currently, companies may sell their prepaid cards without fully revealing information about the service provided. Because companies are not required to print rates and terms on the card, customers have no way of knowing how much actual telephone time has been purchased, and they have no way to compare prices for prepaid cards offered by different companies.

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A company potentially could sell a \$10 card that provided only a few minutes of telephone service because the purchaser would not realize the company had a very high charge per call or low amounts of time for fees. SB 1020 would provide customers the information needed to comparison shop. It also would benefit legitimate companies selling prepaid cards by setting a consistent industry standard for all to follow.

SB 1020 would not set prices or limit fees. The PUC would have the authority to work out the details to make the disclosure law as effective as its intent.

OPPONENTS
SAY:

No apparent opposition.