

# HOUSE BILL ANALYSIS

## HB 2143

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**Title:** An act relating to advertisements for prepaid calling services.

**Brief Description:** Regulating advertisements for prepaid calling services.

**Sponsors:** Representatives Kenney, Ruderman and Cooper.

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### HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS AND ENERGY

**Staff:** Julia Harmatz (786-7135)

**Background:**

Prepaid calling cards and services are when a consumer pays for telephone services prior to use and a prepaid account is depleted as the consumer uses the service. The services may require the use of an access code or an authorization code. The transaction often includes an object the size of a credit card, called prepaid calling cards.—

The Washington Administrative Code contains rules developed by the WUTC that require certain disclosures on the card itself or on a visual display for the cards (WAC 480-120-052). This bill mirrors those requirements for a prepaid calling card.

Example of a prepaid calling card.

**Example of actual calling card information.**

Access (Surcharge) Charge, #29, \*39, or ~49, on all calls within the U.S.; \*\*50, \*\*\*\$1.00, ^\$1.25, ^^\$1.50, or ^^\$2.00 per International call (depending on country called) applies. Intrastate, Interstate, and International calls from a payphone are subject to an additional 50 per call charge in applicable states. Does not apply to calls to emergency numbers or to TRS for hearing impaired. A federally authorized USF surcharge applies to international and interstate calls. State USF surcharges may apply in applicable states. Domestic and International rates vary based on state and country called. All rates and applicable charges are subject to change in accordance with legal requirements. Federal, state, and local taxes may apply. 35 Service Charge will apply monthly, thirty days after first call. Calls that terminate to a wireless receiver will be charged a higher rate. Calls originating or terminating by independent telephone companies will be charged a higher rate. All calls are billed in one (1) minute increments. Application of surcharges and fees has the effect of reducing total minutes on card. Services are provided by

VoCall Communications Corp., subject to terms and conditions of its federal and state tariffs. The provider is not responsible for lost or stolen cards.

**Summary of Bill:**

The bill states that the legislative findings are that consumers of prepaid calling services are subject to misleading or deceptive advertising of calling services.

Prepaid calling services are defined where the consumer pays for telephone calling services prior to use and the prepaid account is depleted as the consumer uses the service.

- Advertising for prepaid services must be clear, accurate, and not misleading.
- Billing increments must be clearly defined, and must not exceed a one-minute rate.
  - All applicable rates must be provided on the advertisement and visual display, including an expiration date.
  - The terms of renewability or to recharge should be legible on the packaging, the visual display, and the calling card.

Companies that provide prepaid calling services are subject to the laws and rules of the commission that relate to telecommunications unless the company has received a waiver from the commission.

Violations of this act are violations of the Consumer Protection Act, chapter 19.86 RCW, and violation of this section shall result in a civil penalty of not less than five hundred (\$500.00) dollars.

**Appropriation:** None.

**Fiscal Note:** Requested January 17, 2000.

**Effective Date of Bill:** This act takes effect immediately.