

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 14, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Ann Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar

Conferees appearing before the committee:

Steve Rarrick, Deputy Attorney General  
Rob Hodges, President, Kansas Telecommunications Industry Association  
Ann E. Mah, Southwestern Bell Telephone  
Ted Walters, AARP  
Steve Montgomery, MCIWorldcom  
Mike Murrary, Sprint

Others attending: See attached list

Steve Rarrick, Deputy Attorney General, testified that as a result of the 1998 legislation relating to “slamming” the written complaints received in the Office of the Attorney General has decreased by 17%. The Attorney General is requesting additional legislation relating to “cramming” which is the unauthorized submittal of charges to a consumer’s telephone bill. The Attorney General’s office stated the number of cramming complaints has decreased; however, unauthorized Internet related charges are the most common cramming complaint and with the increased use and popularity of the Internet, it is anticipated the number of complaints will increase.

Mr. Rarrick testified that **HB 2343** was introduced last year, the House has not acted on it. The bill 1) defines “supplemental telecommunications services” to include the types of items that are often crammed onto consumers’ phone bills; 2) prohibits the addition of any supplemental telecommunications services or billing or collecting for such services without the consumer’s express authorization; 3) prohibits deceptive, misleading or confusing conduct when soliciting a consumer to add any supplemental telecommunications services; 4) imposes civil penalties of \$5,000 to \$20,000 against crammers or third-party billers for cramming violations; 5) replaces the phrase “local exchange carrier or telecommunications carrier” with the term “supplier”; and 6) exempts a consumer’s current local or long distance carrier from the cramming provisions. Additionally, the following amendments are recommended: on page 1, line 34, and page 2, line 2, to clarify that the parties actually committing the slamming or cramming are subject to the law; correct a grammatical error on page 2, line 10; and an addition on page 3, line 14, requested by some industry and governmental members, to allow corporations to bring their own private cause of action. (Attachment 1)

Rob Hodges, Kansas Telecommunications Industry Association (KTIA), testified its members and the industry as a whole, have worked with the Attorney General and support the proposed legislation. (Attachment 2)

Ann E. Mah, Southwestern Bell Telephone (SWBT), testified that SWBT must, by federal law, bill for telecommunications providers on a non-discriminatory basis. The handling of cramming complaints has cost SWBT considerable expense and an invaluable loss of good will with its customers. SWBT, therefore, has taken significant steps toward reducing instances of cramming through changes in its billing and collection practices by developing a set of “best practices”. SWBT has educated its customers as to how to prevent cramming; stopped billing for 40 providers; stopped billing for the services most likely to be the source of cramming problems, such as monthly fees for calling cards, prepaid calling cards, and debit calling cards; and put in place a plan to put offending providers on a “moratorium” when the provider reaches a threshold level of adjustment or complaints. Ms. Mah stated SWBT supports the proposed legislation. (Attachment 3)

## CONTINUATION SHEET

Tel Walters, AARP, testified in support of the proposed “cramming” legislation. (Attachment 4)

Steven C. Montgomery, MCIWorldcom, testified in support of the proposed “cramming” legislation. (Attachment 5)

Mike Murray, Sprint, submitted a brochure and other publications prepared and distributed to Sprint customers alerting them to “Slamming and Cramming” practices. Mr. Murray testified Sprint does support the proposed legislation. (Attachment 6)

Senator Feleciano moved, seconded by Senator Brownlee, that a bill to amend KSA 50-6,103 with provisions recommended by the Attorney General be requested and introduced as a Commerce Committee bill. The vote was in favor of the motion.

A January 14, 2000 article from the Kansas City Star on “Don’t Call” was distributed to members of the Committee. (Attachment 7)

The Chair informed the Committee she was requesting a “don’t call” bill be drafted to strengthen enforcement of current law..

Senator Feleciano moved, seconded by Senator Steffes, that the Minutes of January 12 and January 13 be approved. The vote was unanimous in favor of the motion.

The meeting was adjourned at 9:00 a.m.

The next meeting is scheduled for January 18, 2000.