



Memorandum in Support Wireless Telephone Service Consumer Protection Act (A.8539)

Consumers Union, the nonprofit publisher of Consumer Reports, strongly supports comprehensive state legislation to improve disclosure of terms and conditions for wireless telephone customers, ensure that bills for wireless service are clearly organized and written in plain language, provide a trial use period, and improve consumer protections and complaint processes. We urge you to vote YES in favor of the Wireless Telephone Service Consumer Protection Act (A. 8539), and same-as or similar comprehensive legislation in the New York State Senate.

Over the last several years, cell phone usage by consumers and small businesses has grown dramatically. In New York, over half of all consumers now use cell phones, and in areas like New York City, nearly 70% of consumers use wireless phones. Yet consumers must navigate a very difficult and confusing marketplace, where wireless companies don't always tell the full story on price. Wireless bills are often incomprehensible, hard to read, and full of mystery add-on charges. Cell phone geographic coverage is often not all that it is promised to be. Finally, contracts can trap consumers with long terms of service and stiff cancellation penalties.

The proposed Wireless Telephone Service Consumer Protection Act (A. 8539) is badly needed and long overdue. Currently, New York does not have a specific law or regulatory framework that requires comprehensive consumer protections and uniform disclosures to aid consumers, with the state ability to regulate wireless service specifically carved out by a 1997 state law. Consumers are paying a huge price for this relatively unique regulatory exemption. Phone service standards have suffered as the wireless giants have paid too little attention to delivering the basics, such as accurate bills and good customer service.

Consumers regularly report many complaints about cell phone service to state and local consumer protection authorities. At the national level, cell phone complaints headed the list of the Council of Better Business Bureaus in 2004 and 2005, beating out all other industries, including car dealers and credit card companies. Through our web site, EscapeCellHell.org, Consumers Union has directly collected many consumer complaints about inadequate cell phone service and billing problems. A September 2005 Consumer Reports survey showed that of the people seriously thinking of changing carriers, more than half said they wouldn't because they were under a long term contract. In New York state, the New York Consumer Protection Board says that cell phones are the second most complained about industry in the state.

Voluntary initiatives by the cell phone industry have done little to prevent massive consumer problems, and are not a credible solution. The industry's so-called code of conduct has failed to achieve transparency in billing, or reduce confusion and consumer problems. Consumers Union believes that New York state should adopt a comprehensive legislative framework that clearly sets the rules of the road, that gives the state Consumer Protection Board the necessary regulatory authority to promulgate and enforce fair regulations, with appropriate penalties for non-compliance.

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The proposed Wireless Telephone Service Consumer Protection Act (A. 8539) provides a fair and balanced approach to ensuring that consumers have the information and protections they need when they shop for and use wireless telephones. A. 8539 amends the state's General Business Law to require uniform disclosure of calling plans, monthly fees, airtime minutes, additional charges, termination fees, length of trial period, E-911 emergency service, and coverage maps and areas. This is all information that consumers deserve to know up front in order to make an informed choice. The bill will also require cell phone bills to be clearly organized and presented in plain language. The bill will also create a complaint process within the state Public Service Commission. A trial use period of 15 days will be instituted to give consumers a fair opportunity to switch plans or terminate service. The bill will require data on complaint and compliance measures to be recorded and reported, to give state officials and the public better information on how well the industry is doing in improving its service to New York consumers.

A. 8539 is supported by a broad coalition of consumer organizations, including AARP, NYPIRG and the Wireless Consumer Alliance. This legislation is badly needed and squarely in the interest of New York consumers. We strongly urge the legislators to approve A. 8539 and related comprehensive Senate legislation to improve consumer protections and rights for wireless customer customers, and create a fair and level playing field to enhance competition among cell phone carriers.

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