

Legislative Analysis



EARLY CELL PHONE CONTRACT TERMINATION FOR ACTIVE DUTY

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House Bill 5338 (Substitute H-1)

Sponsor: Rep. Bill Caul

Committee: Military and Veterans Affairs and Homeland Security

Complete to 1-30-08

A SUMMARY OF HOUSE BILL 5338 AS REPORTED FROM COMMITTEE

The bill would amend the Michigan Telecommunications Act to allow a service member who is deployed on active duty for 180 days or more, or the spouse of that service member to terminate any contract with a cell phone provider if the contract is entered into on or after the effective date the bill and the contract is executed by or on behalf of the service member.

Conditions of Contract Termination. Under the bill, a termination of a contract is effected on the date that all of the following are met: (a) the deployed active duty service member (or his or her spouse) provides the cell phone provider, by certified mail, a written notice of the intention to terminate the contract, a copy of the orders calling the service member to active duty, and a copy of any orders further extending the service member's period of active duty; and (b) any cell phone equipment not owned by the service member and acquired from the provider would be returned to its custody or control within 30 days after the delivery of the written notice. However, the cell phone provider could waive either of the requirements.

If a contract is terminated, the cell phone provider could not impose any early termination charge. However the service member would remain responsible for any use charges incurred before termination. The cell phone provider could offer alternative contract termination arrangements to the service member or his or her spouse.

Civil Actions by Cell Phone Provider and Attorney General. In addition to any other penalty provided by law, the attorney general could file a civil action in which the court could impose on a cell phone provider a civil fine of up to \$2,000 for each violation. Money recovered from such actions would be forwarded to the state treasurer for deposit into the Military Family Relief Fund as provided by the Military Family Relief Act of 2004.

FISCAL IMPACT:

There would be an indeterminate fiscal impact on state government and local government. It is unknown how many cell phone provider contracts would be terminated by eligible active duty service members under this bill and how many civil actions would be filed by the Attorney General for cell phone providers that violate the conditions of

this bill. The Military Family Relief Fund would receive money recovered by the Attorney General for these civil actions, but the amount that would be forwarded to the Military Family Relief Fund cannot be determined. The Attorney General may generate some expenses for filing civil actions, and the courts may also generate both expenses and revenues for these civil action.

POSITIONS:

Department of Military and Veterans Affairs support the bill. (1-23-08)

Catholic War Veterans support the bill. (1-23-08)

Military Order of the Purple Heart support the bill. (1-23-08)

Representatives of the American Legion and the Marine Corps League testified in support of the bill. (1-23-08)

Legislative Analyst: E. Best
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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.