

111TH CONGRESS  
2D SESSION

# H. R. 5583

To require cell phone early termination fees to be pro-rated over the term of a subscriber's contract, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 2010

Ms. SHEA-PORTER introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To require cell phone early termination fees to be pro-rated over the term of a subscriber's contract, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Cell Phone Early Ter-  
5 mination Fee, Transparency, and Fairness Act” or the  
6 “Cell Phone ETF Act”.

7 **SEC. 2. PRO-RATED EARLY TERMINATION FEES FOR CELL**  
8 **PHONES.**

9 (a) IN GENERAL.—Not later than 180 days after the  
10 date of enactment of this Act, the Federal Communica-

1 tions Commission shall promulgate regulations requiring,  
2 at a minimum, that providers of commercial mobile service  
3 (as defined in section 332(d)(1) of the Communications  
4 Act of 1934 (47 U.S.C. 332(d)(1))—

5 (1) prorate any early termination fee over the  
6 term of a subscriber's contract; and

7 (2) link the fee to the cost to the provider of  
8 the handset device provided to the subscriber, re-  
9 duced by the price paid by the subscriber for the  
10 handset device at the start of a subscriber's con-  
11 tract.

12 (b) RATE OF REDUCTION AND OTHER CONSIDER-  
13 ATIONS.—In promulgating the regulations required by  
14 subsection (a), the Commission—

15 (1) shall prohibit an early termination fee that  
16 exceeds the cost to the provider of the handset de-  
17 vice provided to the subscriber, reduced by the price  
18 paid by the subscriber for the handset device at the  
19 start of a subscriber's contract;

20 (2) shall require a ratable reduction of the early  
21 termination fee over the term of the contract;

22 (3) shall require clear and conspicuous disclo-  
23 sure of the early termination fee at the point of pur-  
24 chase and disclosure on customers' monthly state-  
25 ments of account of the prorated early termination

1 fee that would be due if the contract were termi-  
2 nated before the end of the next billing cycle;

3 (4) shall consider, among other things, the ef-  
4 fect of early termination fees on competition and on  
5 the ability of consumers to select and change pro-  
6 viders of commercial mobile service; and

7 (5) shall consider the economic basis and busi-  
8 ness rationale for the imposition of early termination  
9 fees by providers of commercial mobile service.

10 **SEC. 3. NO PREEMPTION OF STATE LAW.**

11 Nothing in this Act shall be construed to preempt the  
12 laws of any State or local government regulating early ter-  
13 mination fees chargeable to residents of that State or ju-  
14 risdiction by commercial mobile service providers to which  
15 section 2 applies.

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