

SENATE BILL 643

C5

0lr2978
CF 0lr0741

By: **Senators Pugh, Currie, Forehand, Harrington, Jones, King, Kramer,
Lenett, Madaleno, and Raskin**
Introduced and read first time: February 5, 2010
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Telephone Companies and Resellers – Third-Party Vendor Billing**

3 FOR the purpose of prohibiting a telephone company or reseller from engaging in
4 certain third-party vendor billing without certain express authorization from a
5 customer; requiring the authorization to be separate from certain other
6 documents and to include certain information; requiring a telephone company
7 or reseller to retain a certain copy of the express authorization for a certain
8 period of time; requiring a telephone company or reseller to offer customers a
9 certain blocking option under certain circumstances at no charge; requiring a
10 telephone company or reseller to provide customers with certain notice
11 concerning third-party vendor billing; prohibiting disconnection of a customer's
12 telephone service or imposition of certain additional fees or interest charges for
13 nonpayment of certain charges; authorizing the Public Service Commission to
14 adopt certain regulations; providing that a telephone company or reseller
15 subject to this Act is liable to a customer for certain charges; authorizing the
16 Commission to assess a certain administrative penalty on a telephone company
17 or reseller under certain circumstances; defining certain terms; and generally
18 relating to third-party vendor billing.

19 BY adding to

20 Article – Public Utility Companies
21 Section 8-701 through 8-708 to be under the new subtitle “Subtitle 7.
22 Third-Party Vendor Billing”
23 Annotated Code of Maryland
24 (2008 Replacement Volume and 2009 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article – Public Utility Companies**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 **SUBTITLE 7. THIRD-PARTY VENDOR BILLING.**

2 **8-701.**

3 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
4 **INDICATED.**

5 **(B) “CUSTOMER” MEANS A CUSTOMER OF A TELEPHONE COMPANY OR**
6 **RESELLER.**

7 **(C) “EXPRESS AUTHORIZATION” MEANS AN EXPRESS, AFFIRMATIVE ACT**
8 **BY A CUSTOMER IN THE FORM OF:**

9 **(1) A WRITTEN AUTHORIZATION;**

10 **(2) AN ORAL AUTHORIZATION VERIFIED AND RECORDED BY AN**
11 **INDEPENDENT PARTY; OR**

12 **(3) A RECORDED ELECTRONIC AUTHORIZATION.**

13 **(D) “RESELLER” HAS THE MEANING STATED IN § 8-401 OF THIS TITLE.**

14 **(E) “THIRD-PARTY VENDOR” MEANS AN ENTITY SEPARATE FROM A**
15 **TELEPHONE COMPANY OR RESELLER THAT:**

16 **(1) PROVIDES PRODUCTS OR SERVICES TO A CUSTOMER; AND**

17 **(2) SEEKS TO CHARGE THE CUSTOMER THROUGH THIRD-PARTY**
18 **VENDOR BILLING.**

19 **(F) “THIRD-PARTY VENDOR BILLING” MEANS THE USE OF A**
20 **TELEPHONE COMPANY OR RESELLER’S BILLING SYSTEM TO CHARGE A**
21 **CUSTOMER FOR PRODUCTS OR SERVICES PROVIDED BY A THIRD-PARTY**
22 **VENDOR.**

23 **8-702.**

24 **(A) A TELEPHONE COMPANY OR RESELLER MAY NOT ALLOW**
25 **THIRD-PARTY VENDOR BILLING WITHOUT A CUSTOMER’S EXPRESS**
26 **AUTHORIZATION.**

27 **(B) THE EXPRESS AUTHORIZATION REQUIRED UNDER SUBSECTION (A)**
28 **OF THIS SECTION SHALL:**

1 (1) BE SEPARATE FROM ANY SOLICITATION MATERIAL OR ENTRY
2 FORMS FOR SWEEPSTAKES OR CONTESTS; AND

3 (2) INCLUDE:

4 (I) THE NAME AND TELEPHONE NUMBER OF THE
5 CUSTOMER;

6 (II) THE DATE OF AUTHORIZATION;

7 (III) AN EXPLANATION OF:

8 1. THE PRODUCT OR SERVICE OFFERED; AND

9 2. ALL APPLICABLE CHARGES; AND

10 (IV) AN AFFIRMATION BY THE CUSTOMER THAT:

11 1. THE CUSTOMER IS AT LEAST 18 YEARS OF AGE
12 AND QUALIFIED TO AUTHORIZE THIRD-PARTY VENDOR BILLING; AND

13 2. CHARGES MAY BE BILLED USING THE CUSTOMER'S
14 TELEPHONE BILL.

15 (C) A TELEPHONE COMPANY OR RESELLER SHALL RETAIN A COPY OF
16 THE EXPRESS AUTHORIZATION REQUIRED UNDER SUBSECTION (A) OF THIS
17 SECTION FOR 2 YEARS AFTER THE DATE OF AUTHORIZATION.

18 **8-703.**

19 A TELEPHONE COMPANY OR RESELLER THAT ALLOWS THIRD-PARTY
20 VENDOR BILLING SHALL PROVIDE THE CUSTOMER WITH THE OPTION TO BLOCK
21 THIRD-PARTY VENDOR BILLING AT NO CHARGE.

22 **8-704.**

23 (A) A TELEPHONE COMPANY OR RESELLER THAT ALLOWS
24 THIRD-PARTY VENDOR BILLING SHALL PROVIDE QUARTERLY NOTICE ON OR
25 WITH A CUSTOMER'S BILL:

26 (1) THAT THE TELEPHONE COMPANY OR RESELLER ALLOWS
27 THIRD-PARTY VENDOR BILLING; AND

1 **(2) THAT THE CUSTOMER MAY BLOCK THIRD-PARTY VENDOR**
2 **BILLING AT NO CHARGE.**

3 **(B) (1) IN ADDITION TO THE NOTICE REQUIRED UNDER SUBSECTION**
4 **(A) OF THIS SECTION, ON EACH BILL FOR WHICH THIRD-PARTY VENDOR**
5 **CHARGES APPEAR, A TELEPHONE COMPANY OR RESELLER SHALL GIVE A**
6 **CUSTOMER CONSPICUOUS NOTICE OF THE CHARGES IN A PORTION OF THE**
7 **CUSTOMER'S BILL THAT IS IDENTIFIED AS UNRELATED TO LOCAL OR LONG**
8 **DISTANCE TELEPHONE CHARGES.**

9 **(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS**
10 **SUBSECTION SHALL INCLUDE:**

11 **(I) A CLEAR DESCRIPTION OF EACH THIRD-PARTY VENDOR**
12 **PRODUCT OR SERVICE FOR WHICH THE CUSTOMER IS CHARGED;**

13 **(II) THE CHARGE FOR EACH THIRD-PARTY VENDOR**
14 **PRODUCT OR SERVICE, INCLUDING TAXES;**

15 **(III) THE TELEPHONE NUMBER THE CUSTOMER DIALED, IF**
16 **ANY, TO OBTAIN THE THIRD-PARTY VENDOR PRODUCT OR SERVICE WHICH**
17 **RESULTED IN A CHARGE APPEARING ON THE CUSTOMER'S BILL;**

18 **(IV) THE NAME AND TELEPHONE NUMBER OF THE**
19 **THIRD-PARTY VENDOR; AND**

20 **(V) INFORMATION ABOUT HOW TO RESOLVE ANY DISPUTE**
21 **ABOUT A CHARGE FROM THE THIRD-PARTY VENDOR, INCLUDING:**

22 **1. THE NAME AND TELEPHONE NUMBER OF ANY**
23 **BILLING AGGREGATOR OR CLEARINGHOUSE WITH THE AUTHORITY TO RESOLVE**
24 **A DISPUTE; AND**

25 **2. A LOCAL OR TOLL-FREE TELEPHONE NUMBER**
26 **FOR INQUIRIES AND COMPLAINTS TO THE TELEPHONE COMPANY OR RESELLER.**

27 **8-705.**

28 **A TELEPHONE COMPANY OR RESELLER MAY NOT DISCONNECT A**
29 **CUSTOMER'S TELEPHONE SERVICE OR IMPOSE ADDITIONAL FEES OR INTEREST**
30 **CHARGES FOR NONPAYMENT OF CHARGES FROM A THIRD-PARTY VENDOR.**

31 **8-706.**

1 TO IMPLEMENT THIS SUBTITLE THE COMMISSION MAY ADOPT
2 REGULATIONS NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE
3 THAT ARE CONSISTENT WITH FEDERAL LAW.

4 **8-707.**

5 A TELEPHONE COMPANY OR RESELLER THAT IS SUBJECT TO THIS
6 SUBTITLE IS LIABLE TO A CUSTOMER FOR ALL UNAUTHORIZED THIRD-PARTY
7 VENDOR BILLING CHARGES.

8 **8-708.**

9 (A) IN ADDITION TO ANY OTHER AVAILABLE PENALTY, THE
10 COMMISSION MAY ASSESS DIRECTLY, AFTER AN OPPORTUNITY FOR HEARING,
11 AN ADMINISTRATIVE PENALTY ON A TELEPHONE COMPANY OR RESELLER THAT
12 VIOLATES:

13 (1) THIS SUBTITLE;

14 (2) A REGULATION ADOPTED UNDER THIS SUBTITLE; OR

15 (3) A FEDERAL LAW OR REGULATION ON UNAUTHORIZED
16 THIRD-PARTY VENDOR BILLING.

17 (B) THE ADMINISTRATIVE PENALTY ASSESSED UNDER THIS SECTION
18 MAY NOT EXCEED \$1,000 FOR EACH VIOLATION ASSOCIATED WITH A SPECIFIC
19 TELEPHONE ACCESS LINE IN THE STATE.

20 (C) AN ADMINISTRATIVE PENALTY COLLECTED UNDER THIS SECTION
21 SHALL BE PAID INTO THE GENERAL FUND OF THE STATE.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2010.