



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Thursday, February 1, 2018
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 1621, RELATING TO CONSUMER PROTECTION.

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 1621, Relating to Consumer Protection. My name is Stephen Levins, and I am the Executive Director of the Department’s Office of Consumer Protection. The Department supports this bill, which is a companion to S.B. 2057, and offers the following comments.

This bill proposes to require merchants to refund shipping and handling charges to consumers if the consumer received damaged or defective goods and was not informed in writing that the goods were defective or damaged.

Consumers have many shopping choices beyond traditional brick-and-mortar stores. Shopping online has become increasingly popular with Hawaii consumers because of its convenience. Although consumers can often find bargains online, any pricing advantage disappears if merchants refuse to refund the shipping cost of defective or damaged goods.

In such instances, it is fundamentally unfair to Hawaii consumers to have to bear the expense of shipping a product back to the seller when, through no fault of their own, it was received in a defective condition.

Thank you for the opportunity to testify in support of H.B. 1621. I would be happy to answer any questions the Committee may have.



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 1, 2018**

Re: HB 1621 Relating to Consumer Protection

Good afternoon Chairperson Takumi and members of the House Committee Consumer Protection and Commerce. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization committed to supporting the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii OPPOSES HB 1621 Relating to Consumer Protection. Retail has changed over the years were more and more people are purchasing online, expecting free shipping and no less than 2 day delivery. Last year alone, nationwide online shoppers returned more than \$260 billion worth of merchandise for various reasons that included but are not limited to not the right color or size, not what expected, received the wrong item, don't want it anymore...

Reputable online retailers as a whole and in good faith do not intentionally or knowingly try to deceive their customers by sending them defective or damaged items unless noted. At least 30% of all products ordered on line are returned as compared to 9% in brick and mortar stores. Many retailers in good faith also try to resolve the issue by replacing the item and often offer free return shipping. Often times, retailers have no way of knowing if the item truly contained a manufactures defect or was damaged during shipping – or more often than not if the customer damaged the item themselves in an effort to return it.

Retailers are also very concerned with this measure that customers may be more incline to return abuse. Retailers are seeing this more often and it a form of “friendly fraud abuse” where someone purchases products without intending to keep them. Perhaps the most well-known form of this abuse is “wardrobing” or “free renting” – in which the person makes a purchase, uses the product(s), and then returns the merchandise. This is done not only with clothing, but electronics, household items and more.

Sales on the worldwide web are global. Customers purchasing online need to have due diligence in reading and understanding the online shops return policies as they vary from store to store and especially internationally as well.

We ask that you hold this measure.

Mahalo for this opportunity to testify.