

# SB3025

Measure Title: RELATING TO CONSUMER PROTECTION.

Report Title: Video Games; Disclosure; Labelling

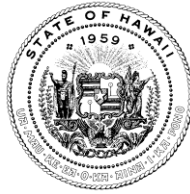
Description: Establishes certain disclosure requirements for publishers of video games that contain a system of purchasing a randomized reward.

Companion: [HB2727](#)

Package: None

Current Referral: CPH

Introducer(s): S. CHANG, BAKER



DAVID Y. IGE  
GOVERNOR

DOUGLAS S. CHIN  
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TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Tuesday, February 20, 2018  
9:00 AM

**TESTIMONY ON SENATE BILL NO. 3025, RELATING TO CONSUMER  
PROTECTION.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on S.B. 3025, 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 offers the following comments on this bill, which is a companion to H.B. 2727.

This bill adds two new section to Hawaii Revised Statutes (“HRS”) chapter 481B that: (1) require video game publishers that distribute video games containing a system of purchasing a randomized reward to prominently disclose and publish the probability the rates of receiving a randomized award to the consumer at the time of purchase; and (2) require video games containing paid randomized awards to display prominent disclosures to consumers that the video game features in-game purchases and gambling-like mechanisms which may be harmful or addictive.

As video games have increased in popularity, discussions about their impact on society have also increased. Recent trends in gaming include games that contain

features known as “pay to win.” In most video games, players earn credits that can be used to unlock “loot boxes” containing random rewards that enhance a player’s effectiveness and advancement in the game. Video games with “pay to win” features also allow players to advance quickly by giving them the option to purchase credits to unlock a “loot box.” Recently, mental health professionals have raised concerns that predatory mechanisms, such as “loot boxes,” can present the same psychological, addictive, and financial risks as gambling. Social commentators have also remarked that paying real money to unlock “loot boxes” without knowing what kind of reward is inside has all the indicia of gambling.

The Department acknowledges the serious issues concerning these types of video games but notes that there will be severe logistical challenges in enforcing this bill, especially the one authorizing the Department to audit video game code. Conducting an audit as described in this bill would require the Department to devote expertise, personnel costs, and financial resources that it does not readily possess.

The Department would also like to note that as currently constructed, the bill does not contain a definition for “randomized reward” which may be necessary to adequately enforce its provision. In this regard, the Department respectfully suggests that the Committee may wish to consider defining the term in the same manner that was done in S.B. 3024, S.D. 1.

Thank you for the opportunity to testify on S.B. 3025. I would be happy to answer any questions the Committee may have.



**Written Testimony of the  
Entertainment Software Association  
Presented for the Record to  
Committee on Commerce, Consumer Protection  
and Health  
February 20, 2018**

Chair Persons Baker and Tokuda was well as members of the Committee on Commerce, Consumer Protection and Health.

On behalf of the Entertainment Software Association (ESA) and its members<sup>1</sup>, thank you for the opportunity to submit testimony in opposition of Senate Bill 3025, legislation introduced to require all video games sold that feature a system of further purchasing to “prominently disclose and publish to the consumer the probability rates of receiving each type of randomized reward” and require further labeling requirements. The ESA is the U.S. trade association representing the publishers of computer and video game consoles, personal computers, mobile devices, and the Internet.

First, we appreciate the opportunity to engage in thoughtful and meaningful conversation around today’s video games, their evolving in-game mechanisms and technology, as well as the information available to help consumers and parents make informed decisions regarding the content of the games they play. Video game players are the most essential component of the video game industry’s success, and their awareness and trust is paramount to our business. We believe strongly that the industry’s robust, self-regulatory body, the Entertainment Software Rating Board (ESRB) remains the most efficient and effective way to address these important issues without overly restrictive state legislation. The ESA and the ESRB look forward to sharing more information regarding the industry’s ongoing efforts related to interactive elements as they become public.

The video game industry is now a \$36 billion American success story that continues to grow substantially year over year—and our consumer base continues to be one of the most diverse. Sixty percent of Americans play video games every day. Sixty-seven percent of American households own a device used to play video games. Gamers age 18 or older represent 72 percent of the video game-playing population, and the average gamer today is 35 years old. Forty-nine percent of gamers are women; and adult women represent a significantly greater portion of the video game-playing population (31 percent) than boys under age 18 (18 percent). Twenty percent of Americans over the age of 50 play video games at least once a week. Additionally, 67 percent of parents play video games with their children at least once a week. In short, video games are enjoyed by hundreds of millions of Americans, often by entire families playing together across generations.

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<sup>1</sup> ESA’s members: 505 Games; Activision Blizzard, Inc.; Bandai Namco Entertainment Inc.; Bethesda Softworks, Capcom USA, Inc.; Deep Silver; DeNA; Disney Interactive Studios, Inc.; Electronic Arts; Epic Games, Inc.; Focus Home Interactive; Gearbox Publishing; Grey Box; GungHo Online Entertainment American, Inc.; Konami Digital Entertainment; Legends of Learning; LEVEL-5 Inc.; Magic Leap; Microsoft Corporation; Natsume Inc.; Nexon America, Inc.; Nintendo of America Inc.; NVIDIA; Phosphor Studios; SEGA of America, Inc.; Sony Computer Entertainment of America; Square Enix, Inc.; Take-Two Interactive Software, Inc.; Tencent, Inc.; THQ Nordic; Triseum; Ubisoft Entertainment, Inc.; Warner Bros. Interactive Entertainment Inc.; and XSEED Games.

The declaratory statements included in this legislation are identical to the language contained within four other pieces of legislation introduced by members of the Hawaii Legislature on January 24. Many of these statements are sensationalist opinions rather than scientific facts. Their inclusion in legislation undermines the value and reputation of the video game industry while eliciting an emotional response to garner greater support for this legislation. Today's video game industry remains committed to creating the most technologically advanced, and compelling, interactive storytelling the world has ever known because gamers will accept nothing less. The industry is held to an exceptionally high standard by its players and prefers it that way. No industry is more receptive or capable to address, in real time, its customers' demands than video games.

The increased attention around video games and their in-game components has spurred a valuable dialogue around emerging technologies and business practices in which, as an industry, we are actively engaged. It is our desire to help educate committee members and other members of the legislature on the intricacies of the video game industry, its ratings system, its commitment to all consumers, and its ongoing efforts to address emerging issues as quickly and appropriately as possible.

It would be helpful for the Committee to have a comprehensive understanding of the in-game mechanisms this legislation is seeking to address. Loot boxes are an optional feature in certain games to provide gamers another way to acquire virtual items for use in that game. Like opening a package of baseball cards, customers might not know exactly what they are getting until they open the loot box, but they are guaranteed to get something. Loot boxes may reward the gamer with a sought-after virtual item (*e.g.*, a hard-to-find object) or a more pedestrian item (*e.g.*, an animated emoji). However, players always get something for use within the game, not outside the game. All loot boxes contain virtual items. As with other virtual items, often loot boxes can be earned through game play or purchased using virtual currency. Players like to collect virtual items, such as cosmetic features for their avatars, and loot boxes help meet this desire in an entertaining way.

It is important to note that is not necessary or required for players to acquire or purchase loot boxes to advance within a game. A gamer can play through an entire video game successfully without buying any loot boxes. Like other in-game features, players can choose to use them or not. Some or most of the same items found in loot boxes can often be obtained through routine game play (*e.g.*, defeating an enemy) or by using game points. In some cases, loot boxes have elements that help a gamer progress (*e.g.*, tools or different equipment). In others, they are merely cosmetic.

SB 3025 inaccurately states that video games allow players to “purchase chances at winning rewards within games, similar to a slot machine.” Loot boxes do not constitute gambling under U.S. law. In general, for an activity to constitute gambling, it must meet three elements: *staking* something of value (consideration) for a *chance* to win something of *value* (a prize). If one of the elements is lacking, it is not gambling. Loot boxes do not satisfy those elements. For instance, there is no “prize” because you cannot win something of value in the real world. Whatever worth those virtual items have, it is limited to within a virtual universe. These items cannot be removed from the game. Nor can one cash them out legally as the terms of service prohibit it. So, the virtual items found in loot boxes have no “value” in the real world.

The video game industry understands and appreciates the increasing challenges parents and other caregivers face today in determining the appropriateness of content children view through entertainment devices. As an industry, we take this responsibility very seriously and are currently working to address the game mechanisms in question.

The most effective tool available to consumers today in limiting unwanted content are the parental control features available on all devices used for playing video games. The parental controls allow parents to limit their children's video game use, block games by rating category, regulate the amount of time a child can play, limit or prohibit in-game purchases and restrict access to the Internet. In addition to the intuitive set-up capabilities provided by the hardware manufacturers, the industry provides easy step-by-step instructions on setting parental controls.

In addition, the ESRB, established in 1994, is the non-profit, self-regulatory body that independently assigns ratings for video games and apps so parents can make informed choices. The ESRB rating system includes: Rating Categories, which suggest age appropriateness; Content Descriptors, which indicate content that may have triggered a particular rating and may be of interest or concern; and Interactive Elements, which inform about the interactive aspects of a game or app, including the ability to make in-game purchases, interact with other players or share a user's location with other users.

As Maureen K. Ohlhausen, former Acting Chairman of Federal Trade Commission (FTC) put best, "self-regulation, such as that done by the Entertainment Software Rating Board for video games, is an effective way for companies to modify their behavior to protect consumers where the government could or should not act...The electronic game industry continues to have the strongest self-regulatory code and enforcement of restrictions on marketing, advertising and selling mature-rated games to younger audiences."

The industry continues to evolve around the technology used to deliver games, so too does the ESRB and the tools it provides parents to make informed decisions. To address the growing mobile game market, the ESRB established the International Age Rating Coalition (IARC) in conjunction with other international rating organizations. The IARC rating system streamlines the process for assigning age and content ratings to the high volume of digitally delivered games and apps coming into the market today. IARC administers ESRB ratings for games and apps featured in Google Play, Nintendo eShop, the Microsoft Store for the Xbox and PC, and the Oculus VR Store in the U.S. Additional storefronts are expected to deploy the IARC rating system this year.

ESRB ratings, when conspicuously placed with its recognizable and trusted icons and other descriptors, allow parents to quickly and easily identify in-game features they may not want their children to access, including digital purchases. As the market evolves, the ESRB will continue to adjust and expand to meet new and emerging issues of concern.

It is the hope of ESA and its members the information provided helps clarify the attributes of the in-game mechanics SB 3025 seeks to address. We strongly encourage members of the Committee on Commerce, Consumer Protection and Health to vote against further consideration of this legislation and work closely with the ESA and ESRB to gain a better understanding of the video game industry and its most valuable asset—its passionate gamer community.



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
February 22, 2018**

**Re: SB 3025 Relating to Consumer Protection**

Good morning Chair Baker and members of the Senate Committee on Commerce, Consumer Protection and Health. 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 is opposed to SB 3025 Relating to Consumer Protection. Retailers recognize the intent of this bill and the possible affects micro-transactions may have on some of the gamers, including those who are under the age where video games is a popular form of endless entertainment. However, the burden should not be put on the retailer.

Much like the computer and video game industry, America's retailers understand the increasing challenges parents and other caregivers face today in determining the appropriateness of content children view through entertainment devices. Parental control features are available on all devices used for playing video games in limiting unwanted content and can be the most effective tool to consumers. These parental controls allow parents to limit or prohibit in-game purchases, limit their children's video game use, block games by rating category, regulate the amount of time a child can play, and restrict access to the Internet. In addition to the intuitive set-up abilities provided by the product manufactures, the industry provides easy step-by-step instructions on setting parental controls.

The Entertainment Software Rating Board (ESRB) independently assigns ratings for video games and apps so parents can make informed choices. This rating system includes: Rating Categories, which suggest age appropriateness; Content Descriptors indicating content that may have triggered a particular rating and may be of interest or concern; Interactive Elements which inform about the interactive aspects of a digitally delivered game or app. ESRB works with video game retailers to support voluntary store policy not to sell M (Mature)-rated games to customers under the age of 17 without permission from a parent. To inform consumers about the rating system, ESRB also supports retailers' display of ratings education signage in their stores.

In addition to the ESRB's self-regulatory mission, the Advertising Review Council (ARC) monitors advertising, promotional and marketing materials for the video games it rates. This includes online, social media, packaging, radio and TV spots, demos, etc. ARC's goal is to ensure that video game publishers follow standardized requirements for the prominent and accurate display of rating information and that advertising is responsible, appropriate, truthful, and accurate. ARC also enforces industry-adopted marketing guidelines that prohibit video game publishers from targeting audiences for whom products are not appropriate. ARC guidelines have been lauded by the FTC as representing "the strongest self-regulatory code" among entertainment media rating systems in the U.S.

We ask that you hold this measure. Mahalo for this opportunity to testify.

# HAWAII YOUTH SERVICES NETWORK

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Rick Collins, President

Judith F. Clark, Executive Director

Bay Clinic

Big Brothers Big Sisters of  
Hawaii

Bobby Benson Center

Child and Family Service

Coalition for a Drug Free Hawaii

Domestic Violence Action Center

EPIC, Inc.

Family Programs Hawaii

Family Support Hawaii

Friends of the Children of  
West Hawaii

Hale Kipa, Inc.

Hale 'Opio Kauai, Inc.

Hawaii Children's Action  
Network

Hawaii Student Television

Ho'ola Na Pua

Kahi Mohala

Kokua Kalihi Valley

Maui Youth and Family Services

P.A.R.E.N.T.S., Inc.

Parents and Children Together  
(PACT)

Planned Parenthood of the  
Great Northwest and  
Hawaiian Islands

PHOCUSED

Salvation Army Family

Intervention Services

Sex Abuse Treatment Center

Susannah Wesley Community  
Center

The Catalyst Group

February 16, 2018

To: Senator Roslyn Baker, Chair  
And members of the Committee on Commerce, Consumer Protection  
and Health

## **TESTIMONY IN SUPPORT OF SB 3025 RELATING TO CONSUMER PROTECTION**

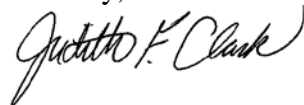
Hawaii Youth Services Network (HYSN), a statewide coalition of youth-serving organizations, supports SB 3025 Relating to Consumer Protection.

Video games that contain variable-reward mechanisms (called loot boxes) are widely and easily available to consumers. Children and youth who play these games are introduced to the thrills of gambling at an age when their brains are not fully developed. They are vulnerable to developing behavioral addiction to gambling, and do not have the maturity and knowledge to recognize the risks they encounter. Parents and other responsible adults are often unaware of these features in the games their children are using.

Providing full disclosure of the odds of winning and establishing a mechanism to monitor compliance of video games that contain variable-reward mechanisms is prudent and sensible.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH  
Executive Director



**SB-3025**

Submitted on: 2/19/2018 10:30:16 AM

Testimony for CPH on 2/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jerome Koehler	Individual	Support	No

Comments:

Aloha Chair Baker and Members of the Committee,

My name is Jerome Koehler and I am in support of SB3025 primarily due to reasons mentioned below:

- I agree that if a game contains loot box content, it should be properly disclosed so parents can make an educated decision on if they should be spending money on said game.
- As with disclosing that a game contains loot boxes, having the developer / game company present the odds of receiving a desired item from the loot boxes will also hopefully assist parents in deciding on whether to spend money on these digital goods.

The only recommended change I have is tied to section 481B-A: For anyone auditing the code, I would recommend requiring that the expert know the computer language that the game was written in so there are no misunderstandings in regards to the code's functionality.

Sincerely,

Jerome Koehler  
Parent and Avid Gamer

# Robert J. Bidwell, M.D.

6264 Keokea Pl., Honolulu, Hi. 96825 Tel. 808-428-4545

**Date:** Feb. 20, 2018  
Conference Room 229 (9:00 AM)  
State Capitol

**To:** Sen. Rosalyn Baker, Chair (Commerce, Consumer Protection and Health  
Committee)  
Sen. Jill Tokuda, Vice-Chair (Commerce, Consumer Protection and Health Committee)

**From:** Robert J. Bidwell, M.D.

**Re:** SB 3025 “Relating to Consumer Protection”

**Position:** **Strong Support**

Dear Committee Chair, Vice-Chair and Committee Members,

**I am presenting this testimony in strong support of SB 3025 “Relating to Consumer Affairs.” In the spirit of transparency and in order to protect the health and well-being of our islands’ children and youth, and the financial security of their families, I believe this legislation is essential to diminish the predatory practices of the online gaming industry targeting the most vulnerable members of our community.**

Over the past 25 years, through my position as Assistant Professor and later Associate Professor of Pediatrics and Director of Adolescent Medicine at the UH John A. Burns School of Medicine (1988-2012), I have provided health care and counseling to many of Hawai`i’s children and youth. I have continued to provide such care in my present position as Associate Clinical Professor of Pediatrics (2013-present). In all these positions I have had the opportunity to provide health care and counseling to children and youth in a variety of settings including the Adolescent Clinic at Kapi`olani Medical Center for Women and Children (KMCWC), the Sex Abuse Treatment Center (KMCWC), and the health clinics at both the Hawai`i Youth Correctional Facility in Kailua and the Juvenile Detention Facility in Kapolei. Many of these young people have faced both personal and family issues of addiction in its many forms, including gambling. Also, far too many have been victims of many forms of predation that have taken advantage of their youth, inexperience, still-developing cognitive abilities, and often disadvantaged life circumstances. The online gaming industry, particularly through the insinuation of “variable-reward mechanisms” (such as “loot boxes”) into its gaming products, has become a partner in that predation, yet is virtually unregulated compared to other forms of gambling.

The great majority of American youth have engaged in gaming activities in varying degrees. Many spend hours a day gaming. A 2011 study by R. Gentile in the journal *Pediatrics* found in a prospective study of over 3000 adolescents that 9% met

criteria for “pathologic gaming.” Youth who were considered most vulnerable to becoming pathologic gamers were those who spent more hours gaming, who had lower social competence, and who were more impulsive by nature. The outcomes associated with being a pathologic gamer included increased depression, anxiety, social isolation and lower school performance. These results demonstrated the very real vulnerability of a significant percentage of youth to becoming pathologic gamers and the serious psychological, emotional and social consequences resulting from this. The effects on youth of online gaming buttresses the concerns of the American Medical Association, the American Psychiatric Association and the World Health Organization that pathologic online gaming likely represents a very real public health concern, not to mention its toll on individual health and well-being. It should be noted that the above study on youth gaming was conducted *before* the addition of “variable-reward mechanisms” into online gaming products. These mechanisms were introduced to games, at least in significant part, for the specific purpose of exploiting the cognitive and developmental vulnerabilities of children and youth. Common sense tell us, though the research has not yet been completed, that the addition of the addictive “variable-reward mechanisms’ to online games can only increase the vulnerability of children and young people to pathologic levels of gaming and magnify its already proven negative effects, with the added negative consequence of significant financial loss incurred by youth and their families. We already have established strict regulation of the gambling industry, in large part to ensure that young people are shielded from its negative influences and effects. It only makes sense that we take similar strict measures to assure that the vulnerability of young people cannot be exploited by the online gaming industry.

It is for the above reasons that I respectfully encourage members of your Committee to vote in favor of SB 3025.

Thank you so much for the opportunity to share my testimony with you.

Respectfully yours,

Robert J. Bidwell, MD

**SB-3025**

Submitted on: 2/19/2018 7:32:28 PM

Testimony for CPH on 2/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Edward White	Individual	Support	No

Comments:

Aloha to the members of the legislature. I am submitting testimony on behalf of myself, as a resident of Honolulu, a life-long gamer, and a student of the practices described in this bill.

I wish to submit my support for SB3025, which establishes disclosure requirements for video games containing a system for purchasing randomized rewards.

I believe the use of variable-reward micro-transactions -- lootboxes -- have become a persistent feature in video games in recent years, and have become increasingly aggressive and predatory, and the game industry's self-regulatory bodies have abdicated their responsibility to ward off government regulation by protecting the player. Particularly troubling is the ESA's and ESRB's use of a narrow definition of gambling to defend the use of lootboxes, which is the most prominent of a very few statements made about the issue and is included in other testimony submitted by these bodies.

Saying that lootboxes are not gambling because you cannot win something of value "in the real world" is a distinction without a difference. The comparison to gambling is entirely driven by a comparison to slot machines, which use variable reward operant conditioning to cause addiction--a phenomenon which is well-documented.

As a side note, I would argue that lootbox microtransactions do have all the legal components of gambling, as the player is paying in actual money (consideration) for a chance (probabilistic reward) to obtain something of value. The fact is that players often have goals in mind when they buy lootboxes, and that goal has value to them, leading to excess purchases on the chance they can obtain that digital item of value--the "jackpot." As someone who deals in intellectual property, I find the thought laughable that a digital item could have no value, especially considering the peer-to-peer market for digital items in games such as second life, team fortress 2, and World of Warcraft.

Questions of monetary value aside, while loot boxes may not meet a narrow definition of gambling, the psychological mechanisms at work are largely the same, which is my primary concern as a consumer. In laboratory experiments, rats exposed to a lever which would stimulate their reward centers on a variable reward schedule would press that lever far longer than a control population who received no reward, or a population of rats who would receive a reward signal for every press of the lever--in short, it would

cause addiction and excess behavior in pursuit of the reward. In this case, the lever is lootboxes, and the reward is rare items, which the gamers value and will receive a reward signal from. This is the root of the addictive behavior of concern related to lootboxes.

As lootboxes are available for purchase, these addictive behaviors are extremely lucrative--so much so that the gaming industry has a term for these spendy player: Whales. Incidentally, this term is also borrowed from the gambling industry, where it also denotes high spenders. The gaming industry has a huge amount of literature available to be googled about how to hook whales and induce them to spend more, especially since the most lucrative whales can spend hundreds or even over a thousand times more than a normal player. There is even a recording of the Electronic Arts CEO talking about techniques used to induce additional purchases on YouTube, where he describes creating moments of frustration that would result in purchases, a similar mechanic (and psychologically identical) which later showed up in the EA-published game Star Wars Battlefront II. The industry is so hungry for these addiction-fueled profits that it barely even thinks to hide their intentions.

And the effect is real. You have increasing stories of gamers spending thousands of dollars on micro-transactions for a game, some of which spend hundreds of dollars in a month. It seems like it should be illegal for the industry to clearly seek, induce, and benefit from such clearly problematic behavior.

Currently, video games do not advertise whether they contain variable reward transactions, and they don't disclose the potential effects of these business practices. Additionally, the gaming industry's self-regulatory body, the ESRB, has signaled that they do not intend to evaluate variable reward microtransactions and, by extension, will not include that information in their labeling nor will it affect a game's age rating. Clearly advertising that a game is likely to have variable rewards, and likely to cost you more--maybe even much more--than the original purchase cost should at the very least be clearly advertised so that customers and parents can make informed decisions about what they bring into their homes.

Thank you for your consideration.

**SB-3025**

Submitted on: 2/19/2018 8:06:42 PM

Testimony for CPH on 2/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christy MacPherson	Individual	Support	No

Comments:

Aloha Chair Baker, Vice Chair Tokuda and members of the Commerce, Consumer Protection, and Health Committee,

As a mother of a 12-year old "gamer" who looks like a telemarketer with his headset while playing video games when he should be doing his homework, I **STRONGLY SUPPORT** SB3025. I have personally experienced the stress of looking at my credit card statement and realizing that I was charged over \$400 for gaming products. When I scolded my son, he replied that he "didn't know what he was doing." *This is the point.* Naturally, young people do not know what they are doing. And game product companies know this and prey on them.

As a Licensed Clinical Social Worker, it is very disturbing that young children are becoming addicted to all kinds of things (made so easily accessible to them) as their intellectual and emotional capacities are still developing. I can also attest to the fact that many of the parents whom I counseled have shared similar concerns. Most of these parents are low-income and economically vulnerable. Every \$100 spent on this garbage is \$100 less for them to use towards needed housing and groceries.

Establishing disclosure requirements for publishers of games that have randomized reward systems would protect the health of our youth- the next generation- as well as their hard-working parents. Will you, our lawmakers, care for our youth or will you succumb to the money-hungry lobbyists whose agenda is taking advantage of people who are unaware of the money they are losing so that they can gain millions?

Thank you for the opportunity to provide testimony.

**SB-3025**

Submitted on: 2/20/2018 11:25:14 AM

Testimony for CPH on 2/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nathan Hutchinson	Individual	Support	No

Comments:

Aloha,

I am in favor of this bill because I believe it would give me protection against predatory video game companies.

This can easily be done by game companies and would require little to no effort to report upon. I believe the only reason you would hide the odds of a user winning a reward is to be opaque about how much time or money a reward truly costs. The psychology involved with gambling has been exploited for years and one of the most effective ways to fight it is with information about odds of winning.

Let's protect our Ohana by requiring video game companies to report odds of "randomized" rewards.

Thank you,

Nathan

**SB-3025**

Submitted on: 2/20/2018 11:49:55 AM

Testimony for CPH on 2/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dr. Paul Ryan	Individual	Support	No

## Comments:

The video game industry is constantly evolving, and a more recent trend is to pay money in-game ("microtransactions") for a randomized chance to be rewarded with certain items that are not made available when the game was originally purchased. I believe this unfairly targets individuals with a propensity to develop gambling addictions, and children who have not yet developed an understanding of the value of money. Consumers should be able to clearly tell when a video game they are purchasing has hidden costs like these, or might encourage behavior similar to gambling.