

STAND. COM. REP. NO. 1532

Honolulu, Hawaii

MAR 25 2019

RE: H.B. No. 314
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 314, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GIFT CERTIFICATES,"

begs leave to report as follows:

The purpose and intent of this measure is to require a gift certificate issuer to redeem the remaining value of a gift certificate for cash if the gift certificate has a balance of less than \$5.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received testimony in opposition to this measure from the Hawai'i Restaurant Association, Retail Merchants of Hawaii, and Hawaii Food Industry Association.

Your Committee finds that after a consumer uses a gift card, there may be a small balance remaining that often goes unused or forgotten or is lost upon loss of the gift card. In addition, many consumers may purposefully discard a gift card with a negligible balance because they would not find any value in keeping a gift card with such small purchasing power. This is supported by statistics issued by Consumer Reports, which reported that billions of dollars are left unspent and unredeemed on gift certificates in the United States each year. Your Committee notes

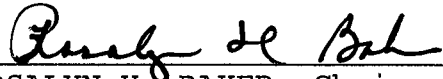


that existing law states that balances left on unredeemed gift certificates do not belong to the merchant. Rather, the balances remaining after the expiration date are turned over to the State as unclaimed property. Consequently, requiring merchants to provide the balance as cash to customers does not deprive merchants of anything to which they are entitled and in fact facilitates the disposition of funds that might otherwise have to be turned over to the State as unclaimed property. This measure requires a gift certificate issuer to redeem the remaining value of a gift certificate for cash if the gift certificate has a balance of less than \$5, thereby helping to ensure that consumers receive the full benefit of a gift certificate.

Your Committee has amended this measure by inserting an effective date of January 1, 2020.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 314, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 314, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 314, HD1	CPH	3/12/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOPE, Jarrett	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.		✓		
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
TOTAL	5	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes