

HB761 HD2

Measure Title: RELATING TO CONSUMER PROTECTION.
Report Title: Electronic Receipts
Description: Specifies that businesses may provide proof of purchase in electronic form to a member of a frequent shopping program, unless the member requests it in paper form. (HB761 HD2)
Companion:
Package: None
Current Referral: CPH
Introducer(s): TAKUMI, ICHIYAMA



DAVID Y. IGE
GOVERNOR

JOSH GREEN
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

**Testimony of the Department of Commerce and Consumer Affairs
Before the
Senate Committee on Commerce, Consumer Protection, and Health**

**Tuesday, March 12, 2019
9:00 a.m.
State Capitol, Conference Room 229**

**On the following measure:
H.B. 761, H.D. 2, RELATING TO CONSUMER PROTECTION**

Chair Baker and Members of the Committee:

My name is Stephen Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department offers comments on this bill.

The purpose of this bill is to specify that businesses may provide proof of purchase only in electronic form to members of a frequent shopping program, unless the member requests it in paper form. H.D. 2 specifies this bill applies to purchases made by members of frequent shopping programs in the State and defines "frequent shopping program" as a program that rewards customers for purchases made on multiple visits and builds up points entitling them to reduced prices, free items, or other incentives.

Many retailers that reward customers through a frequent shopping program now offer their customers the option of receiving receipts electronically by email or text

message. Customers join a retailer's rewards program by providing personal information such as their email addresses or mobile numbers at the point of sale or on the retailer's mobile app. Besides offering customers the convenience of receiving receipts digitally, rewards programs are a means to obtain consumers' email addresses and mobile numbers for marketing purposes. In view of this, privacy advocates have cautioned consumers not to give personal information too freely.

Consumers who provide retailers with their personal information are at risk of having it compromised by unauthorized third parties. Criminals can use stolen email addresses to develop phishing attacks aimed at a store's customers. Recent examples of unauthorized access of personal information include infiltration of the databases of major retailers, including Macy's, Bloomingdales, Sears, Kmart, Best Buy, Saks Fifth Avenue, and Whole Foods. It would be imperative for all retailers who offer electronic receipts to have adequate safeguards in place that protect their customers' data.

Thank you for the opportunity to testify on this bill.



Testimony of Jim Yates,
President of the Hawaii Petroleum Marketers Association

**SUPPORTING THE INTENT OF HOUSE BILL 761, HOUSE DRAFT 2,
RELATING TO CONSUMER PROTECTION
AND OFFERING AMENDMENTS**

Senate Committee on Commerce, Consumer Protection & Health
The Honorable Rosalyn Baker, Chair
The Honorable Stanley Chang, Vice Chair

Tuesday, March 12, 2019 at 9:00 a.m.
Hawaii State Capitol, Conference Room 229

Chair Baker, Vice Chair Change and members of the Committee,

Thank you for this opportunity to submit written testimony on House Bill 761, House Draft 2, Relating to Consumer Protection. I am Jim Yates, president of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and who buy liquid motor fuel products at the wholesale level and sell or distribute products to retail customers, other wholesalers, and other bulk consumers. HPMA’s primary purpose is to protect and advance its members’ legislative and regulatory interests in Hawaii and Washington, DC.

HB 761, HD 2 specifies that businesses may provide proof of purchase in electronic form to a member of a frequent shopping program, unless the member requests it in paper form.

HPMA supports the intent on HB 761, HD 2, but feels that the following clarifying amendments are necessary:

§489J-__ Electronic receipts. (a) Each proof of purchase for the retail sale of tangible personal property or for the provision of services in this State to a member of a frequent shopping program may be provided [~~only~~] in electronic form[~~, unless the member requests that the proof of purchase be provided in paper form~~].

HPMA believes that deleting the word “only” clarifies that providing proof of purchase in electronic form is permissible rather than mandatory. We also recommend striking the

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sentence, "...unless the member requests that the proof of purchase be provided in paper form..." as paper receipts are already available upon request to consumers for products and services that are purchased as part of a frequent shopping program or otherwise.

HPMA is concerned the bill, as currently written, could be interpreted to mean that a receipt in electronic form is the standard, unless a consumer requests proof of purchase in paper form. To that end, not all retail establishments are capable of providing proof of purchase in electronic form. Furthermore, this would require merchants to collect and maintain personal information such as email addresses that consumers may not be willing to share.

Thank you for considering the HPMA's suggested amendments and for allowing us to provide written testimony on this measure.



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
March 12, 2019**

Re: HB 761 HD 2 Relating to Consumer Protection

Good morning Chairperson 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.

We understand the intent of HB 761 HD 2 Relating to Consumer Protection. This bill specifies that businesses may provide proof of purchase in electronic form, unless a consumer requests it in paper form. This is already happening in many stores with this type of capability. We do not feel that another law would be necessary.

Often time customers have to opt into an electronic awards program that is often download via an app., agree to the terms and conditions, and then in most but not all cases are able to have their receipt emailed to them.

Not all retailers have an awards program or an app that is able to email a customer a receipt as not all awards programs are built the same. Some retailers – especially small businesses - uses a punch card system where a cash value or each purchase receives a punch on a paper card. Other programs include customers saving their paper receipts and turning them in for a “free gift”. Some awards programs only tracks the person’s points or number of purchases on a plastic card, but are not set up to email individual receipts.

Retailers who have a frequent shopper program but are unable to email a receipt would have to either develop an app or upgrade a current app or purchase a new Point of Sales system that we understand are all very costly. We would also like to point out that not all Point of Sales systems and cash registers are able to email customers their receipts. Some businesses still uses registers with adding machine tape and some digital systems do not have the capability to send an email.

Retailers are already operating on a very thin margin and this practice is already being done by many retailers.

Policy makers should be focusing on eliminating obstacles to business growth, job creation and economic stability and not adding additional regulations that some businesses cannot afford.

We do not believe this measure is needed and we urge you to hold this bill. Mahalo for this opportunity to testify.