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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance**

**Wednesday, February 20, 2019
4:00 p.m.
State Capitol, Conference Room 308**

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

Chair Takumi, Chair Lee, and Members of the Committees:

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**

House Committee on Finance
The Honorable Sylvia Luke, Chair
The Honorable Ty Cullen, Vice Chair

Wednesday, February 20, 2019 at 4:00 p.m.
Hawaii State Capitol, Conference Room 308

Chair Luke, Vice Chair Cullen and members of the Committee,

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 and would like to offer the following clarifying amendments:

§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” further clarifies that providing proof of purchase in electronic form is permissible rather than mandatory.

Testimony by the Hawaii Petroleum Marketers Association
Supporting the Intent of H.B. 761, H.D. 2, Relating to Consumer Protection
House Committee on Finance
Hawaii State Capitol, Room 308
Wednesday, February 20, 2019 at 4:00 p.m.
Page 2

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

HB-761-HD-2

Submitted on: 2/19/2019 4:00:20 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 20, 2019**

Re: HB 761 HD 2 Relating to Consumer Protection

Good afternoon Chairperson Luke and members of the House Committee on Finance. 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. 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 a law is needed and we urge you to hold this bill. Mahalo for this opportunity to testify.



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TO:
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

LATE

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Feb. 20, 2019
TIME: 4pm
PLACE: Conference Room 308

RE: HB761 HD2 Relating to Consumer Protection

Position: Comments

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA opposes any mandate that requires changes to retailers' point of sale systems, as these types of changes are extremely costly to implement. In its current form as permissive measure it is unclear what this bill would be changing. There is nothing in the Hawaii revised statutes that prohibits retailers from providing customers with the option of receiving proof of purchase electronically. Many retailers, both with and without frequent shopper programs, already offer all customers the option of receiving their receipt electronically, or of receiving no receipt at all.