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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Economic Development and Business
Friday, February 1, 2019
10:10 a.m.
State Capitol, Conference Room 309**

**On the following measure:
H.B. 648 RELATING TO UNFAIR AND DECEPTIVE PRACTICES**

Chair McKelvey 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 supports this bill.

The purpose of this bill is to make it an unfair and deceptive practice to charge mileage or travel fees to customers for the delivery of goods and services except as otherwise specified.

Proper disclosure is central to the purpose of consumer protection. This bill ensures that consumers are fully aware of all fees prior to committing to paying for services or goods. Disclosure becomes important as more people use on-demand apps for meal and grocery deliveries, courier services, and freelance labor.

When a consumer orders dinner from an on-demand delivery app or website, for example, they will be charged for the price of the food plus tax and may be assessed a service fee and a delivery fee. Delivery fees are usually set, while service fees are

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based on a percentage of the bill. However, some companies are not upfront about their delivery fees. For instance, some on-demand delivery platforms advertise free delivery in their marketing but will charge a service fee for delivery that is hidden in the taxes and fees line of an online receipt.

This bill enhances consumer protection by requiring additional fees for mileage and travel to be invoiced separately from the price of the goods or services, thereby adequately disclosing delivery fees to any consumer who uses an on-demand platform to order groceries or hire a mover.

Thank you for the opportunity to testify on this bill.

HB-648

Submitted on: 1/31/2019 6:59:51 AM

Testimony for EDB on 2/1/2019 10:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Akau	Kanehili Community Assoc.	Support	No

Comments:

Aloha Economic, Development & Business Committee,

My name is Randy Akau, the President of Kanehili Community Association, located in East Kapolei 1.

I am in full support of HB648.

Mahalo

Representative Angus L.K. McKelvey, Chair
Representative Lisa Kitagawa, Vice Chair
House Committee on Economic Development & Business

Testimony of Jame K. Schaedel

Friday, February 1, 2019

Support for House Bill No. 648 – Relating to Unfair and Deceptive Practices

WRITTEN TESTIMONY ONLY

Thank you for the opportunity to offer testimony in **support** for House Bill No. 648. I am a board member of the Kapolei Community Development Corporation, which serves Native Hawaiian homestead beneficiaries in the Kapolei region. However, I offer this testimony as a private citizen.

This bill would prohibit businesses from charging consumers mileage or travel fees unless: (a) the business discloses the additional fees to the consumer prior to billing, (b) the fees are itemized separately from goods and services on a bill, (c) the additional fees are justified, and (d) the additional fees are reasonable.

It is unfortunate that businesses in urban Honolulu market their product island-wide, but then penalize consumers residing in rural parts of O‘ahu, such as Kapolei, by charging us exorbitant mileage or travel fees after the initial bill was paid. House Bill No. 648, if passed, would cease such practices by requiring businesses to disclose mileage or travel fees prior to billing.

Third party food delivery services, such as Room Service in Paradise, which is now partnered with Bite Squad, and Uber Eats, clearly disclose mileage and travel fees prior to billing. Furthermore, in the past, Room Service in Paradise clearly disclosed and limited their delivery area to certain zip codes, and only expanded their delivery areas as the business grew.

Consumers should be afforded the opportunity to know all of the upfront costs prior to executing a business transaction. Unfortunately, the unscrupulous behavior of a handful of business owners now requires this kind of legislation. I ask that this committee pass this bill, unamended, with a recommendation for passage on Second Reading and subsequent referral to the Committee on Judiciary.

Respectfully,

Jame K. Schaedel
Kapolei, Hawai‘i