A BILL FOR AN ACT

MAKING VARIOUS HOUSEKEEPING AMENDMENTS TO VOLUME 11 OF THE HAWAII REVISED STATUTES FOR THE PURPOSE OF CORRECTING ERRORS AND REFERENCES, AND CLARIFYING LANGUAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- SECTION 1. Section 476-1, Hawaii Revised Statutes, is 1 amended as follows: 2 3 1. By amending the definition of "credit sale contract" or "contract" to read: 4 5 ""Credit sale contract" or "contract" means any agreement, including a conditional sale contract, a retail installment 6 7 contract, or any other form of $instrument[\tau]$ evidencing an 8 obligation to pay the price of goods, services, or both, purchased in a credit sale, either: 9 10 (1) [by] By payment thereof over a period of time subject 11 to a finance charge [or,]; or 12 (2) [pursuant] Pursuant to a written agreement, subject to 13 payment in more than four installments not including a 14 down payment, 15 [and in either case] whether or not the contract contains a
 - includes any contract for the bailment or leasing of goods
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title retention provision. [This term] "Credit sale contract"

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- 1 (unless terminable without penalty at any time by the bailee or
- 2 lessee) by which the bailee or lessee contracts to pay as
- 3 compensation a sum substantially equivalent to or in excess of
- 4 the value of the goods and services involved and by which it is
- 5 agreed that the bailee or lessee is bound to become, or has the
- 6 option of becoming, for no additional consideration or for
- 7 nominal consideration, the owner of the goods upon full
- 8 compliance with the terms of the contract."
- 9 2. By amending the definition of "goods" to read:
- ""Goods" [includes all things which are movable at
- 11 the time the credit sale is entered into or which will be
- 12 movable when they thereafter come into existence or which are or
- 13 will be fixtures (sections 490:9-334 and 490:9-604) [but
- 14 except]. Except as provided in this paragraph, "goods" does not
- 15 include money, documents, instruments, accounts, chattel paper,
- 16 general intangibles, or minerals or the like (including oil and
- 17 gas) before extraction. "Goods" [include] includes standing
- 18 timber which is to be cut and removed under a conveyance or
- 19 contract for sale, the unborn young of animals, growing crops,
- 20 and merchandise certificates or coupons, issued by a credit
- 21 seller, to be used in the face amount in lieu of cash in
- 22 exchange for goods sold by such a seller."

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SECTION 2. Section 476-8, Hawaii Revised Statutes, is
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    amended to read as follows:
         "§476-8 Insurance provisions. (a) The amount, if any,
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    charged for insurance [\tau] shall not exceed the premiums
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    chargeable in accordance with rate filings made with the
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    [commissioner of insurance] state insurance commissioner under
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    chapter 431 for similar insurance.
         The seller or holder, if dual interest insurance on the
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    goods is included in a credit sale contract [\tau] and a separate
    charge is made therefor, shall within thirty days after
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    execution of the credit sale contract send or cause to be sent
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    to the buyer a policy or policies or certificate of insurance,
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    written by an insurance company authorized to do business in
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    this State, clearly setting forth the amount of the premium, the
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    kind or kinds of insurance, and the scope of the coverage and
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    all the terms, exceptions, limitations, restrictions, and
    conditions of the contract or contracts of insurance.
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         The buyer of goods under a credit sale contract may
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    purchase [such] any required insurance from [a] an insurance
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    producer of the buyer's own selection, and in an insurance
    company of the buyer's own selection authorized to do business
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    in this State; provided that the seller or holder shall have the
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    right for reasonable cause to disapprove of the insurance
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    company selected by the buyer to underwrite the insurance.
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         (b) In any credit sale contract for the sale of a motor
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    vehicle where insurance is contracted for as a part of the sale,
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    and the insurance does not include public liability insurance
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    for bodily injury and property [damages, the contract
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    shall contain, on the same page as the disclosures therein
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    concerning insurance, a notice substantially similar to the
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    following:
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         "THIS DOES NOT INCLUDE INSURANCE ON YOUR LIABILITY FOR
    BODILY INJURY OR PROPERTY DAMAGE. IT DOES NOT MEET THE
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    REQUIREMENTS FOR PROOF OF FINANCIAL RESPONSIBILITY UNDER HAWAII
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    LAW."
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              If any [such] insurance policy or certificate is
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    canceled, the unearned insurance premium refund received by the
    holder of the contract shall at the option of the holder either
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    be credited to the final maturing installments of the credit
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    sale contract or be paid to the buyer, except to the extent
    applied toward payment for similar insurance protecting the
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interests of the buyer and holder of the contract or either of

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them."

1 SECTION 3. Section 477E-2, Hawaii Revised Statutes, is 2 amended by amending the definition of "creditor" to read as 3 follows: ""Creditor" means any bank; savings and loan association; 4 trust company; financial services loan company [or small loan 5 6 company]; credit union; mortgage banker, broker, or solicitor; 7 pawnbroker; mutual benefit society or fraternal benefit society; debt adjuster; the issuer of a credit card as defined in section 8 9 708-800; any person who initiates, extends, renews, or continues 10 loans of money or credit; any person who regularly arranges for the initiation, extension, renewal, or continuation of a loan of 11 money or credit; or any assignee of an original creditor who 12 participates in the decision to grant, extend, renew, or to 13 continue such loan or credit." 14 15 SECTION 4. Section 477E-5, Hawaii Revised Statutes, is 16 amended to read as follows: 17 "§477E-5 [Civil penalties.] Unfair or deceptive act or practice. Any creditor who violates or attempts to violate any 18 19 provision of this chapter shall be deemed to have engaged in an unfair [and] or deceptive act or practice in the conduct of 20 trade or commerce within the meaning of section 480-2." 21

1 SECTION 5. Section 480-14, Hawaii Revised Statutes, is 2 amended as follows: 3 1. By amending subsections (a) and (b) to read: 4 Whenever the State, any county, [or city and county] 5 or any of its political subdivisions or governmental agencies, 6 is injured in its business or property by reason of anything 7 forbidden or declared unlawful by this chapter, it may sue to 8 recover threefold the actual damages sustained by it. 9 (b) The attorney general may bring an action on behalf of 10 the State, any county, or any of its political subdivisions or 11 governmental agencies to recover the damages provided for by 12 this section, or by any comparable provisions of federal law." 13 2. By amending subsection (d) to read: 14 If judgment is in favor of the State, any county, or 15 any of its political subdivisions or governmental agencies under 16 any provision of this chapter, the attorney general or the 17 director of the office of consumer protection shall be awarded 18 reasonable attorney's fees together with the cost of suit; 19 provided further that in any class action lawsuit brought by the 20 attorney general in behalf of indirect purchasers, the attorney 21 general shall in addition be awarded an amount commensurate with

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    expenses reasonably expected to be expended in distribution of
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    damages to the indirect purchasers."
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         SECTION 6. Section 480-20, Hawaii Revised Statutes, is
    amended by amending subsections (a) and (b) to read as follows:
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               The attorney general shall enforce the criminal and
    civil provisions of this chapter. The county attorney [of any
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    county, the prosecuting attorney and the], corporation counsel,
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    or prosecuting attorney of [the city and county] any county
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    shall investigate and report suspected violations of this
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    chapter to the attorney general.
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              Whenever this chapter authorizes or requires the
    attorney general to commence any action or proceeding, including
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    proceedings under section 480-18, the attorney general may
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    require the county attorney, [prosecuting attorney, or]
    corporation counsel, or prosecuting attorney of any [county or
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    city and county, holding office in the circuit where the action
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    or proceeding is to be commenced or maintained, to maintain the
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    action or proceeding under the direction of the attorney
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    general."
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SECTION 7. Section 480-22, Hawaii Revised Statutes, is

amended by amending subsections (a) and (b) to read as follows:

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         "(a) A final judgment or decree rendered in any civil or
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    criminal proceeding brought by the State under this chapter
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    shall be prima facie evidence against the defendant in any
    action or proceeding brought by any other party under this
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    chapter, or by the State, county, [or city and county,] or any
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    of its political subdivisions or governmental agencies, under
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    section 480-14, against the defendant as to all matters
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    respecting which the judgment or decree would be an estoppel
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    between the parties thereto. This section shall not apply to
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    consent judgments or decrees entered before any complaint has
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    been filed; provided that when a consent judgment or decree is
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    filed, the attorney general shall set forth at the same time the
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    alleged violations and reasons for entering into the consent
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    judgment or decree. No consent judgment or decree that is
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    entered before any complaint has been filed shall become final
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    until sixty days from the filing of the consent judgment or
    decree or until the final determination of any exceptions filed,
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    as hereinafter provided, whichever is later. During the sixty-
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    day period any interested party covered under section 480-13 may
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    file verified exceptions to the form and substance of the
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    consent judgment or decree, and the court, upon a full hearing
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- 1 thereon may approve, refuse to approve, or may modify the
- 2 consent judgment or decree.
- 3 (b) A plea of nolo contendere and a final judgment or
- 4 decree rendered pursuant to that plea in any criminal action
- 5 under this chapter shall not be admissible against the defendant
- 6 in any action or proceeding brought by any other party under
- 7 this chapter, or by the State, county, [or city and county,] or
- 8 any of its political subdivisions or governmental agencies,
- 9 under section 480-14 against the defendant."
- 10 SECTION 8. Section 480-23, Hawaii Revised Statutes, is
- 11 amended by amending subsection (b) to read as follows:
- "(b) No individual shall be criminally prosecuted or
- 13 subjected to any criminal penalty under this chapter for or on
- 14 account of any transaction, matter, evidence, or thing
- 15 concerning which the individual may so testify or produce in any
- 16 investigation brought by the attorney general pursuant to
- 17 section 480-18, or any county attorney, [prosecuting attorney,
- 18 or corporation counsel, or prosecuting attorney of any [county
- 19 or city and county, when the individual has done so pursuant to
- 20 an order issued under section $480-23.1[\tau]$; provided that no
- 21 individual so testifying shall be exempt from prosecution or

- 1 punishment for perjury, for giving a false statement, or for an
- 2 offense involving a failure to comply with the order."
- 3 SECTION 9. Section 480-23.1, Hawaii Revised Statutes, is
- 4 amended by amending subsection (b) to read as follows:
- 5 "(b) A judge of a circuit court or of a district court
- 6 may, upon application by the attorney general $[\tau]$ or any county
- 7 attorney, [prosecuting attorney, or] corporation counsel, or
- 8 prosecuting attorney of any [county or city and] county, issue
- 9 an order requiring the person to testify or to produce a record,
- 10 document, or other object, notwithstanding the person's refusal
- 11 to do so on the basis of the person's privilege against self-
- 12 incrimination. The application shall specify whether the
- 13 immunity being sought is use immunity as set forth in section
- 14 480-23.2 or transactional immunity as set forth in section 480-
- **15** 23.3."
- 16 SECTION 10. Section 480D-2, Hawaii Revised Statutes, is
- 17 amended by amending the definition of "debt collector" to read
- 18 as follows:
- ""Debt collector" means any person, who is not a collection
- 20 agency[7] regulated pursuant to chapter 443B, and who in the
- 21 regular course of business collects or attempts to collect

1 consumer debts owed or due or asserted to be owed or due to the 2 collector." 3 SECTION 11. Section 480F-6, Hawaii Revised Statutes, is 4 amended by amending subsection (b) to read as follows: 5 "(b) Any person who is not a consumer and is injured by a wilful violation of [the] this chapter may bring an action for 6 7 the recovery of damages, a proceeding to restrain and enjoin 8 those violations, or both. If judgment is for the plaintiff, 9 the plaintiff shall be awarded a sum not less than \$1,000 or 10 threefold damages, whichever sum is greater, and reasonable 11 attorneys' fees together with the costs of suit." 12 SECTION 12. Section 481B-1.6, Hawaii Revised Statutes, is 13 amended by amending subsection (e) to read as follows: "(e) It shall be an unlawful practice and a violation of 14 15 this chapter for any person, in any contest or sweepstakes in 16 which the winning entry or entries are to be determined by a 17 drawing or some other method based on an element of chance [÷] 18 to: [To promote] Promote a contest or sweepstakes in which 19 (1)20 some or all of the prizes may not be awarded, or to fail to award all prizes or awards offered, unless the 21 22 person makes the following disclosures to each offeree 3

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2	aco	ceptance	of	the	of	feree's	enti	cy:			

- (A) That some or all of the prizes may not be awarded; and
- (B) The date or dates on which a determination of winners will be made; [and] or
- [To offer a prize of real property unless the (2)offeror files and maintains with the director of commerce and consumer affairs a bond in a sum not less than \$10,000, executed by the offeror, and naming the director as the oblique and a surety company authorized to do business in the State as surety. bond shall be continuous in form and conditioned upon the award of the real property to an eligible participant. The bond shall run to the State for the benefit of any person who failed to receive the real property due to the failure of the offeror to award the real property pursuant to the terms of the offer. The surety may cancel the bond by giving sixty days' notice in writing to the director [-] of commerce and consumer affairs. Upon cancellation or expiration of the bond, the surety shall remain liable for any

1	claims against the bond for a period of one year;
2	provided that the claim arose while the bond was in
3	effect and the director of commerce and consumer
4	affairs notifies the surety of any claims within
5	ninety days of discovery of the claim."
6	SECTION 13. Section 481B-4, Hawaii Revised Statutes, is
7	amended to read as follows:
8	"§481B-4 [Penalty.] Remedies. Any person who violates
9	this chapter shall be deemed to have engaged in an unfair method
10	of competition $[\frac{or}{and}]$ and unfair $[\frac{and}{and}]$ or deceptive act or
11	practice in the conduct of any trade or commerce within the
12	meaning of section 480-2."
13	SECTION 14. Section 481B-5.5, Hawaii Revised Statutes, is
14	amended by amending subsection (a) to read as follows:
15	"(a) As used in this section, unless the context otherwise
16	requires:
17	"Ancillary charges" includes all charges paid to the
18	merchant that are necessary for the use of the goods for their
19	purchased purpose and all sums paid for agreements for service,
20	warranty, or replacement.
21	"Conspicuous sign" means a sign posted in the merchant's
22	place of business in a location reasonably calculated to bring



- 1 the sign to the attention of purchasers before a purchaser makes
- 2 a purchase.
- 3 "Exchange" means a transaction between a merchant and a
- 4 purchaser in which a previously purchased item is exchanged for
- 5 another item.
- 6 "Full amount of the payment" includes the amount paid for
- 7 the returned goods, including any ancillary charges or taxes
- 8 incident to the purchase of the returned goods, and without any
- 9 deduction for restocking of the merchant's inventory, or for
- 10 administration of the refund, exchange, or merchandise credit.
- "Merchandise credit" means the crediting to the purchaser
- 12 of the full amount of the payment upon return of the goods and
- 13 allowing the purchaser to purchase goods from the merchant with
- 14 the merchandise credit, or applying to the purchaser's credit
- 15 account with the merchant, in the amount of the merchandise
- 16 credit.
- 17 "Merchant" means any person engaged in the business of
- 18 offering goods for sale to purchasers at retail.
- 19 "Proof of purchase" means a sales slip, receipt, credit
- 20 card slip, or any other documentation that substantiates the
- 21 sale of the goods from the merchant and the amount of payment.



- 1 "Purchaser" means a natural person who is returning goods
- 2 that were purchased or received primarily for personal, family,
- 3 or household purposes.
- 4 "Refund" means the return to the purchaser of the full
- 5 amount of the payment upon return of the goods, in accordance
- 6 with this [chapter.] section.
- 7 "Repacking and transportation charges" means the charges
- 8 for repacking, [pickup,] pick up, and transportation of goods
- 9 previously delivered, unpacked, and set up by the merchant at
- 10 the direction of the purchaser.
- 11 "Return" or "return of goods" means the acceptance by the
- 12 merchant of goods from a purchaser, whether for refund,
- 13 merchandise credit, or exchange, and includes the cancellation
- 14 of a custom or special order before the merchant is obligated to
- 15 make payment on the order and the cancellation of a layaway."
- 16 SECTION 15. Section 481B-6, Hawaii Revised Statutes, is
- 17 amended by amending its title to read as follows:
- 18 "\$481B-6 Sale of solar energy devices; disclosure
- 19 requirements[; penalty.]."
- 20 SECTION 16. Section 481B-11, Hawaii Revised Statutes, is
- 21 amended by amending its title to read as follows:

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1	"§481B-11	[Refunds; offer of services.] Sensitivity-
2	awareness grou	p seminars."
3	SECTION 1	7. Section 481B-13, Hawaii Revised Statutes, is
4	amended by ame	nding subsection (d) to read as follows:
5	"(d) Any	violation of this section shall constitute an
6	unfair [and] <u>o</u>	\underline{r} deceptive act or practice in the conduct of
7	trade or comme	rce within the meaning of section 480-2."
8	SECTION 1	8. Section 481C-1, Hawaii Revised Statutes, is
9	amended to rea	d as follows:
10	"§481C-1	Definitions. In this chapter, unless the context
11	or subject mat	ter otherwise requires:
12	$\left[\frac{\langle 1 \rangle}{\langle A \rangle}\right]$	"Door-to-door sale" [means (i) a]:
13	(1) Mean	s:
14	<u>(A)</u>	$\underline{\underline{\mathtt{A}}}$ sale of goods or services solicited in person
15		and signed by the buyer at a place other than the
16		seller's business address shown on the contract;
17		[or (ii) a]
18	<u>(B)</u>	$\underline{\mathtt{A}}$ sale of goods or services solicited in person
19		or by mail[$_{ au}$] or telephone; or [$_{ ext{public}}$]
20	(C)	A public or private notice or advertisement if
21		the solicitation includes an offer of a gift,
22		prize, premiums, stamps, coupons, tickets, or

1	other	r redeemable devices as an inducement for the
2	perso	on solicited or a member of the person's
3	immed	diate family to go to the seller's place of
4	busin	ness, whether the buyer signs at the seller's
5	place	e of business or elsewhere[+]; and
6	[(B) The	term "door-to-door sale" does (2) Does not
7	incl	ude a transaction:
8	[(i)]	(A) Made pursuant to prior negotiations in
9		the course of a visit by the buyer to a
10		retail business establishment having a fixed
11		permanent location where the goods are
12		exhibited or the services are offered for
13		sale on a continuing basis; [or]
14	[(ii)]	(B) In which the buyer has initiated the
15		contact and the goods or services are needed
16		to meet a bona fide immediate personal
17		emergency of the buyer, and the buyer
18		furnishes the seller with a separate dated
19		and signed personal statement in the buyer's
20		handwriting describing the situation
21		requiring immediate remedy and expressly
22		acknowledging and waiving the right to

1		cancel the sale within three business days;
2		[or]
3	[(iii]	-] (C) Conducted and consummated entirely by
4		mail or telephone $[+]$ and without any other
5		contact between the buyer and the seller or
6		its representative prior to delivery of the
7		goods or performance of the services; or
8	[(iv]	-] $\underline{\text{(D)}}$ In which the buyer has initiated the
9		contact and specifically requested the
10		seller to visit the buyer's home for the
11		purpose of repairing or performing
12		maintenance upon the buyer's personal
13		property. If in the course of such a visit,
14		the seller sells the buyer the right to
15		receive additional services or goods other
16		than replacement parts necessarily used in
17		performing the maintenance or in making the
18		repairs, the sale of those additional goods
19		or services would not fall within this
20		exclusion.
21	[(2)] "Good:	s" means all chattels personal, other than money
22	and things in ac	tion, except as herein provided, and includes

- 1 emblements, growing crops, and things which attach to or form a
- 2 part of land which are agreed to be severed before sale under
- 3 the contract and things which at the time of sale or
- 4 subsequently are to be so affixed to real property as to become
- 5 a part thereof, whether or not severable therefrom. The term
- 6 includes merchandise certificates or coupons, issued by a
- 7 seller, to be used in their face amount in lieu of cash in
- 8 exchange for goods sold by such a seller. The term also
- 9 includes services as herein defined.
- 10 $\left[\frac{(3)}{(3)}\right]$ "Services" means work, labor, or service of any kind
- 11 whether purchased primarily for personal, family, or household
- 12 use, and whether or not furnished in connection with the
- 13 delivery, installation, servicing, repair, or improvement of
- 14 goods, and includes repairs, alterations, or improvements upon
- 15 or in connection with real property.
- 16 $\left[\frac{4}{1}\right]$ "Seller" means any person, partnership, corporation,
- 17 association, or other group, however organized, engaged in the
- 18 door-to-door sale of goods or services.
- 19 [(5)] "Sale" means [and includes] any sale with a purchase
- 20 price of \$5 or more, or \$25 if the merchandise is capable of
- 21 being delivered at one time, other than for resale, of goods to



- 1 a buyer pursuant to a contract. It does not include a sale to a
- 2 business establishment.
- 3 [(6)] "Contract" means [and includes] any agreement,
- 4 including a conditional sales contract or any other form of
- 5 instrument, evidencing an obligation to pay the purchase price,
- 6 or moneys advanced in payment of the purchase price of goods, by
- 7 payment thereof in one payment, or more than one payment made in
- 8 installments over a period of time, whether or not the contract
- 9 contains a title retention provision.
- 10 $\left[\frac{(7)}{(7)}\right]$ "Cash sale price" means the cash sale price stated in
- 11 a contract for which the seller would sell to the buyer, and the
- 12 buyer would buy from the seller, the goods which are the subject
- 13 matter of the contract if the sale were a sale for cash instead
- 14 of by payments made in installments over a period of time. The
- 15 cash sale price may include taxes, registration, license, and
- 16 other fees and charges for accessories and their installation
- 17 and for delivering, servicing, repairing, or improving the
- 18 goods.
- 19 [(8)] "Business day" means any calendar day, except
- 20 Saturday, Sunday, or any state or federal holiday."
- 21 SECTION 19. Section 481D-3, Hawaii Revised Statutes, is
- 22 amended to read as follows:

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1	"[+] \$481	D-3[+]	Posting	of no	tice.	<u>(a)</u>	A per	son r	equir	ed
2	to post notic	e under	this cha	apter	shall	post	a notio	ce wh	ich	
3,	shall be not	less tha	an twenty	y-two	inches	by t	hirty-	three	inch	.es
4	in size and p	osted in	n a consp	picuou	ıs plac	e [wh.	ich] tl	<u>nat</u> i	S	
5	visible and r	eadable	outside	the p	olace c	f bus	iness	where	the	
6	sale is to be	held.	The not	ice sh	nall be	sign	ed unde	er pe	nalty	of
7	perjury. Whe	re the p	person is	s a co	rporat	ion,	the not	tice	shall	be
8	signed by two	office	rs. Whe	re the	e perso	n is	a partı	nersh	ip, t	he
9	notice shall	be signe	ed by two	o part	ners.	The	notice	shal	1	
10	include the f	ollowing	g:							
11	(1) The	name ar	nd addres	ss of	the ow	ner o	f the	goods	bein	g
12	sol	d. If t	the [perc	son] c	wner i	s a pa	artner	ship,		
13	cor	poration	n, firm,	or as	sociat	ion,	the <u>not</u>	cice	shall	
14	con	tain the	<u>e</u> full na	ame an	nd posi	tion o	of the	indi	vidua	1
15	fil	ing the	notice;							
16	(2) The	type of	f sale ar	nd man	ner in	whic	n the s	sale	is to	be
17	con	ducted a	and the a	addres	s wher	e the	sale :	is to	be	
18	con	ducted;								
19	(3) The	dates a	and [time	∍] <u>tim</u>	nes dur	ing wl	nich th	ne sa	le is	to
20	be	conducte	ed;							
21	(4) The	name ar	nd street	addr	ess of	the p	person	in c	harge	of
22	and	respons	sible for	r the	conduc	t of	the sal	Le;		

1	(5)	An explanation regarding the condition or necessity
2		for the sale, including a statement of the descriptiv
3		name of the sale and the reasons why the name is
4		truthfully descriptive of the sale. The notice shall
5		contain a statement that the business will be
6		discontinued at the premises where the sale is to be
7		conducted upon termination of the sale. If the sale
8		is with respect to a removal sale, it shall contain a
9		statement that the business will be discontinued at
10		the premises where the sale is to be conducted upon
11		termination of the sale, in addition to the location
12		of the premises to which the business is to be moved.
13		If the sale is with respect to the sale of goods
14		damaged by fire, smoke, water, or otherwise, the
15		notice shall contain a statement as to the time,
16		location, and cause of the damage;
17	(6)	The notice shall state that an inventory report form.

(6) The notice shall state that an inventory report form, containing a detailed list and inventory of each item of inventory costing over \$100 to be sold, itemizing the goods to be sold, and containing sufficient information concerning each item, including make and brand name, shall be available for inspection on the

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1		store premises on request. The inventory report form
2		shall list separately goods [which] that were
3		purchased during the sixty-day period immediately
4		prior to the date of posting the notice showing the
5		cost price of each item to the owner of the inventory
6		together with the name and address of the seller of
7		the item to the owner of the inventory, the date of
8		purchase, the date of delivery to the owner of the
9		inventory, and the total value of the inventory at
10		cost;
11	(7)	A statement that no goods will be added to the
12		inventory after posting the notice or during the sale
13		and that the inventory contains no goods received on
14		consignment; and
15	(8)	A statement disclosing the date from which the person
16		has maintained a place of business within the State
17		prior to the posting of the notice.
18	[(9)] (b) This section shall not apply to any person who
19	acquired	a right, title, or interest in the goods:
20	[-	(A) (1) As an heir, devisee, legatee, or surviving
21		joint tenant;

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            [\frac{B}{B}] (2) As an executor, administrator, trustee,
                    guardian, or conservator; or
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            [<del>(C)</del>]
3
                   (3) Pursuant to an order or process of a court
                    of competent jurisdiction."
4
5
         SECTION 20. Section 481D-5, Hawaii Revised Statutes, is
    amended by amending its title to read as follows:
6
7
         "[+]$481D-5[\) Violation; penalties. Violations."
         SECTION 21. Section 481G-6, Hawaii Revised Statutes, is
8
    amended to read as follows:
9
10
         "[+] §481G-6[+] Exceptions. No action may be brought under
    section 481G-4 in connection with the termination, cancellation,
11
12
    or nonrenewal of a dealership if the dealership provides for the
13
    binding arbitration of disputes arising thereunder, including
14
    disputes related to the termination, cancellation, or nonrenewal
    of the dealership, in accordance with chapter 658A or the rules
15
    of the American Arbitration Association."
16
         SECTION 22. Section 481H-8, Hawaii Revised Statutes, is
17
18
    amended by amending its title to read as follows:
19
         "[+] §481H-8[<del>] Penalty and remedies.</del>] Remedies."
20
         SECTION 23. Section 481I-2, Hawaii Revised Statutes, is
21
    amended by amending the definitions of "lessee", "motor
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1	vehicle",	"purchase price", and "replacement motor vehicle" to
2	read as f	ollows:
3	""Le	ssee" means any consumer who leases a motor vehicle:
4	(1)	[for] For one year or more pursuant to a written lease
5		agreement which provides that the lessee is
6		responsible for repairs to such motor $vehicle[au]$; or
7		[any consumer who leases a motor vehicle]
8	(2)	[pursuant] Pursuant to a lease-purchase agreement.
9	"Mot	or vehicle" [means]:
10	(1)	Means a self-propelled vehicle primarily designed for
11		the transportation of persons or property over public
12		streets and highways which is used primarily for
13		personal, family, or household purposes[. For
14		purposes of this definition, a "motor vehicle" also
15		includes a];
16	(2)	Includes but shall not be limited to:
17		$\underline{(A)}$ \underline{A} "demonstrator", which means a vehicle assigned
18		by a dealer for the purpose of demonstrating
19		qualities and characteristics common to vehicles
20		of the same or similar model or type[7];

1

2			individual's business purposes as well as for
3			personal, family, or household purposes; and
4		<u>(C)</u>	A vehicle owned or leased by a sole
5			proprietorship, corporation, or partnership which
6			has purchased or leased no more than one vehicle
7			per year, used for household, individual, or
8			personal use in addition to business use; and
9	(3)	Shal	$\frac{1}{2}$ [but does] not include mopeds, motorcycles, or
10		moto	r scooters, as those terms are defined in chapter
11		286,	or vehicles over 10,000 pounds, gross vehicle
12		weig	ht rating. [For purposes of this definition, a
13		"mot	or vehicle" also includes (1) an individually
14		regi	stered vehicle used for an individual's business
15		purp	oses and for personal, family, or household
16		purp	oses; and (2) a vehicle owned or leased by a sole
17		prop	rictorship, corporation or partnership which has
18		purc	hased or leased no more than one vehicle per year,
19		used	for household, individual, or personal use in
20		addi	tion to business use.
21	"Pur	chase	price" means the cash price appearing in the
22	sales agr	eemen	t or contract and paid for the motor vehicle,

(B) An individually registered vehicle used for an

- 1 including any net allowance for a trade-in vehicle. Where the
- 2 consumer is a second or subsequent purchaser and the arbitration
- 3 award is for a refund of the purchase price of the motor
- 4 vehicle, "purchase price" means the purchase price of the second
- 5 or subsequent purchase and shall not [to] exceed the purchase
- 6 price paid by the original purchaser.
- 7 "Replacement motor vehicle" means a motor vehicle which is
- 8 identical or reasonably equivalent to the motor vehicle to be
- 9 replaced, as the motor vehicle to be replaced existed at the
- 10 time of original acquisition, including any service contract,
- 11 undercoating, rustproofing, and [factory or dealer installed]
- 12 factory-installed or dealer-installed options."
- 13 SECTION 24. Section 481J-2, Hawaii Revised Statutes, is
- 14 amended by amending subsections (i) and (j) to read as follows:
- 15 "(i) The dealer shall provide to the consumer, each time
- 16 the consumer's vehicle is returned from being diagnosed or
- 17 repaired under the warranty, a fully itemized, legible warranty
- 18 repair receipt indicating any diagnosis made and all work
- 19 performed on the vehicle, including $[\tau]$ but not limited to:
- 20 (1) The defect or malfunction complained of;

4

1	(2)	The work performed in an attempt to correct the defect
2		or malfunction and the identity of the repairer if it
3		is not the dealer;

- (3) The parts replaced in performing such work;
- 5 (4) The date and odometer reading when the vehicle was submitted for repair; and
- 7 (5) The date when the vehicle was made available to the consumer.
- 9 The consumer shall sign a copy of the warranty repair receipt.
- (j) A dealer may repair, within the meaning of this
 section, either by performing the repair itself or, if the
 dealer does not have a repair facility, by arranging and making
 payment for prompt repair by a motor vehicle repair dealer
 [registered] licensed under chapter 437B."
- 15 SECTION 25. Section 481J-6, Hawaii Revised Statutes, is 16 amended by amending subsection (a) to read as follows:
- "(a) If the dealer or its agent fails to correct a defect
 or malfunction as required by the warranty specified in section
 481J-2 after a reasonable period of time, the dealer shall
 accept return of the used motor vehicle from the consumer and
 refund the full purchase price, including [sales] general excise
 tax, less a reasonable allowance for any damage not attributable

- 1 to normal wear or usage, and with an adjustment for any
- 2 modifications which either increase or decrease the market value
- 3 of the vehicle. A reasonable allowance for use shall be fifteen
- 4 cents for each mile the used motor vehicle has been operated
- 5 between its sale and its return."
- 6 SECTION 26. Section 481J-7, Hawaii Revised Statutes, is
- 7 amended to read as follows:
- 8 "[+] §481J-7[+] Civil and administrative actions for
- 9 violations. (a) A consumer of a used motor vehicle shall have
- 10 a private right of action against a dealer to enforce this
- 11 [section] chapter and recover costs, including reasonable
- 12 attorney's fees, incurred in the civil action.
- 13 (b) It shall be an affirmative defense to any claim under
- 14 this section that:
- 15 (1) The alleged malfunction or defect does not
- substantially impair the use or safety of the used
- motor vehicle;
- 18 (2) The alleged malfunction or defect is the result of
- abuse, neglect, or unreasonable modifications or
- 20 alterations of the used motor vehicle; or
- 21 (3) The alleged malfunction or defect was covered or
- warranted under an express warranty issued by the



1	manufacturer of the used motor vehicle, and that such
2	warranty issued by the manufacturer of the used motor
3	vehicle was in effect during the warranty period
4	established by this [section.] chapter.
5	(c) Any private civil action brought pursuant to this
6	section shall be commenced within one year of the date of
7	original delivery of the used motor vehicle to the consumer.
8	(d) Nothing in this chapter shall in any way limit the
9	rights or remedies which are otherwise available to a consumer
10	under any other law.
11	(e) A [motor vehicle] dealer's failure to comply with any
12	of the provisions of this chapter may result in disciplinary
13	action pursuant to chapter 437, which may result in sanctions,
14	including $[au]$ but not limited to $[au]$ suspension or revocation of
15	license, and the imposition of fines or restitution."
16	SECTION 27. Section 481K-3, Hawaii Revised Statutes, is
17	amended by amending subsection (b) to read as follows:
18	"(b) For purposes of subsection (a):
19	(1) The "current value of the written lease" equals the
20	total amount for which that lease obligates the
21	consumer during the period of the lease remaining
22	after its early termination, plus the assistive device

1	[dealer's] <u>lessor's</u> early termination costs and the
2 "	value of the assistive device at the lease expiration
3	date if the lease sets forth that value, less the
4	assistive device lessor's early termination savings;

- (2) A "reasonable allowance for use" shall not exceed the amount obtained by multiplying the total amount the consumer paid or for which the written lease obligates the consumer to pay by a fraction, the denominator of which is one thousand eight hundred twenty-five and the numerator of which is the number of days that the consumer used the assistive device before first reporting the nonconformity to the manufacturer, its agent, assistive device lessor, or assistive device dealer; and
- "reasonable opportunity to repair" if the manufacturer or its agents fails to repair the same nonconformity

 [with] within two attempts, or the assistive device is out of service, including by reason of attempts to repair one or more nonconformities, for a cumulative total of more than thirty business days after the consumer has returned it for repair."

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         SECTION 28. Section 481L-4, Hawaii Revised Statutes, is
    amended to read as follows:
2
3
         "[+]$481L-4[+] Civil remedies. A retail lessor who fails
4
    to comply with the requirements of this chapter shall be deemed
    to have engaged in an unfair [and] or deceptive act or practice
5
6
    in the conduct of trade or commerce within the meaning of
7
    section 480-2."
         SECTION 29. Section 481M-4, Hawaii Revised Statutes, is
8
9
    amended to read as follows:
10
         "[+] §481M-4[+] Provisions prohibited in agreements. A
11
    lease-purchase agreement may not contain:
         (1) A confession of judgment;
12
         (2) A negotiable instrument;
13
14
         (3) A security interest or any other claim of a property
15
              interest in any goods except those goods delivered by
              the lessor pursuant to the lease-purchase agreement;
16
17
         (4) A wage assignment;
              A waiver by the [consumer] lessee of claims or
18
         (5)
19
              defenses; or
         (6) A provision authorizing the lessor or a person acting
20
21
              on the lessor's behalf to enter upon the [consumer's]
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1
              lessee's premises or to commit any breach of the peace
              in the repossession of goods."
2
3
         SECTION 30. Section 481M-7, Hawaii Revised Statutes, is
4
    amended to read as follows:
5
         "[+] $481M-7[+] Additional charges. (a) A lessor may
6
    contract for and receive an initial nonrefundable fee not to
7
    exceed $10 per [contract.] lease-purchase agreement. If the
8
    lessor requires a security deposit, the amount of the deposit
9
    and the conditions under which it will be returned shall be
10
    disclosed pursuant to section 481M-13.
11
         (b) A lessor may contract for and receive an initial
12
    delivery charge per [contract] lease-purchase agreement that
13
    shall not [to] exceed $15 in the case of [a lease-purchase] an
14
    agreement covering five or fewer items if [, in either case,] the
15
    lessor actually delivers the items to the lessee's dwelling and
16
    the delivery charge is disclosed pursuant to section 481M-14.
17
    The delivery charge shall be assessed in lieu of and not in
18
    addition to the initial [charge] fee in subsection (a). A
19
    lessor may not contract for or receive a delivery charge on
20
    property redelivered after repair or maintenance.
21
         (c) A lessor may contract for and receive a charge for
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picking up late payments from the lessee if the lessor is



1	required	to	do	so	pursuant	to	the	[rental	purchase]	lease-
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- 2 purchase agreement or is requested to visit the lessee to pick
- 3 up a payment. In a lease-purchase agreement with payment or
- 4 renewal dates [which] that are on a monthly basis, this charge
- 5 may not be assessed more than three times in any six-month
- 6 period. In lease-purchase agreements with payments or renewal
- 7 options on a weekly or biweekly basis, this charge may not be
- 8 assessed more than six times in any six-month period. No charge
- 9 assessed pursuant to this subsection may exceed \$10. A pickup
- 10 fee may be assessed pursuant to this subsection only in lieu of
- 11 and not in addition to any late charge assessed pursuant to
- 12 subsection (d).
- 13 (d) The parties may contract for late charges as follows:
- 14 (1) For lease-purchase agreements with monthly renewal
- dates, a late charge not exceeding \$5 may be assessed
- on any payment not made within five days after payment
- is due, or return of the property is required; or
- 18 (2) For lease-purchase agreements with weekly or biweekly
- renewal dates, a late charge not exceeding \$3 may be
- 20 assessed on any [payments] payment not made within
- three days after payment is due, or return of the
- 22 property is required.



1 A late charge on lease-purchase agreements may be collected only once on any accrued payment, no matter how long it remains 2 unpaid. A late charge may be collected at the time it accrues 3 or at any time thereafter. A lessor may elect to waive 4 5 imposition of a late charge due on an accrued payment in accordance with the terms of the lease-purchase agreement; 6 7 [except that,] provided that the waiver shall be in writing and, 8 once a late charge is waived for a specific payment, the lessor 9 may not seek to impose a late [fee] charge for the accrued 10 payment in question. No late charge shall be assessed against a payment that is timely, even though an earlier late charge has 11 not been paid in full." 12 SECTION 31. Section 481M-10, Hawaii Revised Statutes, is 13 14 amended by amending subsection (a) to read as follows: In case of a violation by a lessor of any provision 15 16 of this chapter with respect to any lease-purchase agreement, 17 the lessee may bring a suit in any court of competent 18 jurisdiction to recover actual damages from the lessor, or may 19 set off or counterclaim in any action by the lessor [actual 20 damages]. If the court finds that any violation by the lessor 21 has occurred, the court shall award to the lessee a minimum 22 recovery of \$250 or twenty-five per cent of the total cost to

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acquire ownership under the lease-purchase agreement, whichever
1
2
    is greater."
         SECTION 32. Section 481M-12, Hawaii Revised Statutes, is
3
    amended to read as follows:
4
5
         "[+] $481M-12[+] Waivers. A lessor shall not require a
    lessee to waive:
6
7
         (1) Service of process;
         (2) Any defense;
8
         (3) Any counterclaim; or
9
10
         (4) Right of action against the lessor or a person acting
11
              on the lessor's behalf as the lessor's agent;
    in collection of payments under the [lease] lease-purchase
12
13
    agreement or in repossession of the [lease] leased property."
14
         SECTION 33. Section 481M-13, Hawaii Revised Statutes, is
    amended to read as follows:
15
16
         "[+] §481M-13[+] Disclosure of information. (a)
17
    lessor shall disclose to the lessee the information required by
18
    this chapter. In a transaction involving more than one lessor,
    only one lessor need make the disclosures, but all lessors shall
19
20
    be bound by these disclosures. The disclosures shall be made
```

before consummation of the lease-purchase agreement.

- 1 (b) The disclosures shall be made clearly and 2 conspicuously in writing [and a and in not less than ten-point 3 standard type. A copy of the disclosures shall be included with 4 [of] the lease-purchase agreement provided to the lessee [in not less than ten-point standard type]. All disclosures required by 5 6 this chapter shall be printed or typed in a color or shade that 7 clearly contrasts with the background. The disclosures required under section 481M-14 shall be made on the face of the 8 9 [contract] lease-purchase agreement above the line for the 10 lessee's signature. Before any payment is due, the lessor shall furnish the lessee with an exact copy of the lease-purchase 11 12 agreement, which shall be signed by the lessee and which shall 13 evidence the lessee's agreement. (c) If a disclosure becomes inaccurate as the result of 14 any act, occurrence, or agreement by the lessee after delivery 15 of the required disclosures, the resulting inaccuracy shall not 16
- 18 SECTION 34. Section 481M-14, Hawaii Revised Statutes, is
- 19 amended as follows:

17

20 1. By amending subsection (a) to read:

be a violation of this chapter."

- "(a) For each lease-purchase agreement, the lessor shall
- 22 disclose in the agreement the following items, as applicable:

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)

- (2) A statement that the lessee shall not own the property until the lessee has made the total payment necessary to acquire ownership;
- (3) A statement that the lessee shall be responsible for the fair market value of the property if, and as of the time, it is lost, stolen, damaged, or destroyed;
- (4)A brief description of the leased property[7] sufficient to identify the property to the lessee and the lessor, including an identification number, if applicable, and a statement indicating whether the property is new or used[, but]; provided that a statement that indicates that new property is used property does not violate this chapter;
- (5) A brief description of any damages to the leased property;
- 19 (6) A statement of the cash price of the property. If the 20 agreement involves a lease of two or more items as a 21 $set[\tau]$ in one agreement, a statement of the aggregate cash price of all items is sufficient;

1	(7)	The total of initial payments [paid] made or required
2		at or before consummation of the agreement or delivery
3		of the property, whichever is later;

- (8) A statement that the total of payments shall not include other charges, such as delivery, taxes, late payment, pickup, and reinstatement fees, which fees shall be separately disclosed in the [contract;] agreement;
- (9) A statement clearly summarizing the terms of the lessee's option to purchase, including a statement that the lessee has the right to exercise an early-purchase option and the price, formula, or method for determining the price at which the property may be so purchased;
- (10) A statement identifying the party responsible for maintaining or servicing the property while it is being leased, together with a description of that responsibility, and a statement that if any part of a manufacturer's express warranty covers the leased property at the time the lessee acquires ownership of the property, the warranty shall be transferred to the lessee, if allowed by the terms of the warranty;

1	(11)	The	date	of	the	transaction	and	the	identities	of	the
2		less	sor ar	nd :	lesse	ee;					

- 3 (12) A statement that the lessee may terminate the agreement without penalty by voluntarily surrendering 4 or returning the property in good repair, ordinary 5 wear and tear excepted, upon expiration of any lease 6 7 term along with any past due rental payments; and
- 8 (13)Notice of the right to reinstate an agreement as provided in this chapter." 9
- By amending subsection (c) to read: 10
- With respect to matters specifically governed by the 11
- 12 [Federal] federal Consumer Credit Protection Act (15 U.S.C.
- 13 sections 1601 to 1674), compliance with that Act satisfies the
- 14 requirements of this section."
- SECTION 35. Section 481M-15, Hawaii Revised Statutes, is 15
- 16 amended by amending subsection (a) to read as follows:
- 17 "(a) A lessee who breaches any lease-purchase agreement,
- including but not limited to the failure to make timely [rental] 18
- 19 lease payments, shall have the right to reinstate the original
- 20 lease-purchase agreement without losing any rights or options
- 21 previously acquired under the lease-purchase agreement if both
- 22 of the following apply:



1	(1)	Subsequent to having failed to make a timely [rental]
2		<u>lease</u> payment, the lessee has promptly surrendered the
3		property to the lessor, in the manner as set forth in
4		the lease-purchase agreement, and if and when
5		requested by lessor; and
6	(2)	Not more than thirty days have passed since the lessed
7		returned the [lease] property; [except] provided that
8		if the lessee has made more than sixty per cent of the
9		total number of payments required under the lease-
10		purchase agreement to acquire ownership, the thirty-
11		day period shall be extended to a sixty-day period."
12	SECT	ION 36. Section 481M-17, Hawaii Revised Statutes, is
13	amended to	o read as follows:
14	"[+]:	§481M-17[+] Renegotiation for new agreement and
15	extension	s. (a) A renegotiation shall occur when an existing
16	lease-pur	chase agreement is satisfied and replaced by a new
17	agreement	undertaken by the same lessor and lessee. A
18	renegotia ⁻	tion shall be considered a new agreement requiring new
19	disclosure	es. [However, the]
20	(b)	The following events shall not be treated as
21	renegotia	tions:

1	(1)	The addition or return of property in a multiple-item
2		agreement or in the substitution of the [lease] <u>leased</u>
3		property, if in either case the average payment
4		allocable to a payment period is not changed by more
5		than twenty-five per cent;
6	(2)	A deferral or extension of one or more periodic
7		payments, or portions of a periodic payment;
8	(3)	A reduction in charges in the lease or agreement;
9		[and] or
10	(4)	A lease or agreement involved in a court proceeding.
11	<u>(C)</u>	No disclosures are required for any extension of a
12	lease-pur	chase agreement."
13	SECT	ION 37. Section 481P-2, Hawaii Revised Statutes, is
14	amended by	y amending its title to read as follows:
15	"§ 48 :	1P-2 [Unfair or deceptive acts or practices
16	prohibite	d. Violations."
17	SECT	ION 38. Section 481P-3, Hawaii Revised Statutes, is
18	amended to	o read as follows:
19	"[+];	§481P-3[+] Abusive telemarketing acts or practices.
20	It is an a	abusive telemarketing act or practice and a violation
21	of this cl	hapter for any seller or telephone solicitor to engage
22	in the fol	llowing conduct:



ĺ	(1)	Threaten,	intimidate,	or	use	profane	or	obscene
2		language;						

- (2) Request a fee to remove derogatory information from or to improve a consumer's credit history or credit record until:
 - (A) The time frame in which the seller or telephone solicitor has represented that all of the goods or services will be provided to that consumer has expired; and
 - (B) The seller or telephone solicitor has provided the consumer with documentation in the form of a credit report from a credit reporting agency demonstrating that the promised results have been achieved, the report having been issued more than six months after the results were achieved.

 Nothing in this chapter [should] shall be construed to affect the requirement of section 604 of the Fair Credit Reporting Act, 15 U.S.C. section 1681b, that a consumer report may only be obtained for a specified permissible purpose;
- (3) Request or receive payment from a consumer to recover or otherwise aid in the return of money or any other

1		item lost by the consumer in a telemarketing
2		transaction, until seven business days after the money
3		or other item is delivered to the consumer;
4	(4)	Request or actually receive payment of any fee in
5		advance of obtaining a loan or other extension of
6		credit when a high likelihood of success has been
7		represented to the consumer by the seller or telephone
8		solicitor;
9	(5)	Cause the telephone to ring more than ten times in an
10		outbound telephone call;
11	(6)	Engage any consumer repeatedly or continuously with
12		behavior a reasonable person would deem to be
13		annoying, abusive, or harassing;
14	(7)	Initiate an outbound telephone call to a consumer,
15		when the person has stated previously that the
16		consumer does not wish to receive telephone calls from
17		that seller or telephone solicitor; provided that the
18		seller or telephone solicitor will not be liable for
19		violating this paragraph if:
20		(A) It has established and implemented written
21		procedures to comply with this paragraph, which

1			procedures shall meet the minimum standards set
2			forth in 47 C.F.R. <u>section</u> 64.1200(e)(2);
3		(B)	It has trained its personnel in the procedures
4			established pursuant to subparagraph (A);
5		(C)	The seller, or telephone solicitor acting on
6			behalf of the seller, has maintained and recorded
7			lists of persons who may not be contacted in
8			compliance with this paragraph; and
9		(D)	The call is the result of error[+];[+] or
10	(8)	Init	iate an outbound telephone call to a consumer's
11		resi	dence at any time other than between 8:00 a.m. and
12		9:00	p.m. local time at the location of the consumer
13		call	ed."
14	SECT	ION 3	9. Section 481P-5, Hawaii Revised Statutes, is
15	amended t	o rea	d as follows:
16	" [+]	§481P	-5[+] Exemptions. This chapter shall not apply
17	to:		
18	(1)	A pe	rson who initiates telephone calls to a residence
19	5	for	the sole purpose of polling or soliciting the
20		expr	ession of ideas, opinions, or votes, or a person
21		soli	citing solely for a political or religious cause
22		or p	ourpose;

1	(2)	A securities broker-dealer, salesperson, investment
2		[+]adviser[+], or investment [+]adviser[+]
3		representative who is registered with this State to
4		sell securities or who is authorized to sell
5		securities in this State pursuant to federal
6		securities laws, when soliciting over the telephone
7		within the scope of the person's registration;
8	(3)	A financial institution that is authorized to accept
9		deposits under its chartering or licensing authority
10		where such deposits are insured by the Federal Deposit
11		Insurance Corporation or the National Credit Union
12		Administration, [such as] including but not limited to
13		a bank, savings bank, savings and loan association,
14		depository financial services loan company, or credit
15		union, or a nondepository financial services loan
16		company that is licensed or authorized to conduct
17		business in this State by the commissioner of
18		financial institutions, or an affiliate or subsidiary
19		of a financial institution as defined in chapter 412;
20	(4)	A person or organization that is licensed or
21		authorized to conduct business in this State by the
22		[commissioner of insurance] insurance commissioner

1		including but not limited to an insurance company and
2		its employees, while engaged in the business of
3		selling or advertising the sale of insurance products
4		or services;
5	(5)	A college or university accredited by an accrediting
6		organization recognized by the United States
7		Department of Education;
8	(6)	A person who publishes a catalog of at least fifteen
9		pages, four times a year, with a circulation of at
10		least one hundred thousand, where the catalog includes
11		clear disclosure of sale prices, shipping, handling,
12		and other charges;
13	(7)	A political subdivision or instrumentality of the
14		United States, or any state of the United States;
15	(8)	The sale of goods or services by telecommunications or
16		landline (i.e., cable) or wireless video service
17		providers, for which the terms and conditions of the
18		offering, production, or sale are regulated by the
19		public utilities commission or the Federal
20		Communications Commission, or pursuant to chapter
21		440G, including the sale of goods or services by

affiliates of these telecommunications or video

22

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service providers [ + provided that nothing ]. Nothing
1
              herein shall be construed to preclude or preempt
 2
3
              actions brought under any other laws including chapter
              480:
 4
5
         (9) A real estate broker or salesperson who is licensed by
              this State to sell real estate, when soliciting within
 6
7
              the scope of the license; or
        (10) A travel agency that is registered with this State,
8
9
              when engaging in the business of selling or
10
              advertising the sale of travel services."
         SECTION 40. Section 481P-6, Hawaii Revised Statutes, is
11
    amended to read as follows:
12
         "[+] §481P-6[+] Unfair or deceptive act or practice. Any
13
14
    person who violates this chapter shall be deemed to have engaged
    in an unfair method of competition [or] and unfair [and] or
15
    deceptive act or practice in the conduct [+]of[+] any trade or
16
17
    commerce within the meaning of section 480-2."
         SECTION 41. Section 481R-4, Hawaii Revised Statutes, is
18
19
    amended as follows:
20
         1. By amending its title to read:
21
         "[+]$481R-4[+] Registration requirements[-]; exemptions."
         2. By amending subsection (b) to read as follows:
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1	"(b)	Warrantor registration records shall be updated
2	annually a	and shall contain the following information:
3	(1)	The address of the principal office of the warrantor;
4	(2)	The name and address of the warrantor's agent for the
5		service of process in this State if other than the
6		[provider;] warrantor;
7	(3)	The identities of the warrantor's executive officer or
8		officers directly responsible for the warrantor's
9		vehicle protection product business;
10	(4)	The name, address, and telephone number of any
11		administrators designated by the warrantor to be
12		responsible for the administration of vehicle
13		protection product warranties in this State;
14	(5)	A copy of each warranty form the warrantor proposes to
15		use in this State; and
16	(6)	A statement that the warrantor is in compliance with
17		the financial [responsibility] security requirements
18		of section 481R-5 and that details how the warrantor
19		intends to meet the requirements, and proof of
20		compliance with the requirements."
21	SECT	ION 42. Section 481R-9, Hawaii Revised Statutes, is
22	amonded by	r amonding subsection (a) to read as follows:

"(c) The vehicle protection product warranty shall state 1 2 the name and address of the insurer and state that if a covered service is not provided by the warrantor before the sixty-first 3 day after the date the consumer provides proof of loss, the 4 5 consumer may apply for reimbursement directly to the vehicle 6 protection [product's] product warrantor's reimbursement 7 insurance company." 8 SECTION 43. Section 482-5, Hawaii Revised Statutes, is amended by amending its title to read as follows: 9 10 "§482-5 [Penalty.] Unlawful use of trade name; penalty." SECTION 44. Section 482B-1, Hawaii Revised Statutes, is 11 12 amended to read as follows: "[+] \$482B-1[+] Short title. This chapter may be cited as 13 14 the Uniform [Trades] Trade Secrets Act." SECTION 45. Section 482D-1, Hawaii Revised Statutes, is 15 amended by amending the definition of "article of merchandise" 16 to read as follows: 17 "["Article" or "article of merchandise" means any 18 19 goods, wares, works of art, commodities, or other things which 20 may be lawfully kept or offered for sale, imported into, or

21

exported from the State."

1	SECT	ION 46. Section 482E-1, Hawaii Revised Statutes, is
2	amended to	o read as follows:
3	"[+]	§482E-1[+] Purpose and intent. (a) The purpose of
4	this chap	ter is to regulate the sale of franchises in the State
5	to minimi:	ze losses to the franchisee in cases where the
6	franchiso	r or the franchisor's representative has not provided
7	full and	complete information regarding:
8	(1)	[the] The franchisor-franchisee relationship;
9	(2)	[the] The details of the contract between the
10		franchisor and franchisee; and
11	(3)	[the] The prior business experience of the franchisor.
12	<u>(b)</u>	It is the intent of the legislature to:
13	(1)	[provide] Provide each prospective franchisee with the
14		information necessary to make an intelligent decision
15		regarding franchises being offered;
16	(2)	[prohibit] Prohibit the sale of franchises [which]
17		that would lead to fraud or a likelihood that the
18		franchisor's promises would not be fulfilled; and
19	(3)	[protect] Protect the franchisor or subfranchisor by
20		providing a better understanding of the relationship
21		between the franchisor or subfranchisor and the

1	f	ranchisee with regard to their business
2	r	elationship."
3	SECTIO	N 47. Section 482E-3, Hawaii Revised Statutes, is
4	amended by	amending subsection (a) to read as follows:
5	"(a)	It is unlawful for any person to sell a franchise in
6	this State	unless such person has presented to the prospective
7	franchisee	or the franchisee's representative, at least seven
8	days prior	to the sale of the franchise, an offering circular
9	containing	the following information:
10	(1) T	he name of the franchisor, the name under which the
11	, f	ranchisor is doing or intends to do business, and the
12	n	ame of any parent or affiliated company that will
13	e	ngage in business transactions with franchisees[+];
14	(2) T	he franchisor's principal business address and the
15	n	ame and address of the franchisor's agent in the
16	S	tate authorized to receive <u>service of</u> process[+];
17	(3) T	he business form of the franchisor whether corporate,
18	p	artnership, or otherwise[+];
19	(4) St	uch other information concerning the identity and
20	bi	usiness experience of persons affiliated with the
21	f	ranchisor including franchise brokers and selling
22	a	gents as the director may by rule prescribe $[-]$;

1	(5)	A st	atement whether any person identified in the
2		offe	ring circular, within ten years preceding the date
3		of t	he offering circular:
4		(A)	Has been found guilty of a felony or held liable
5			in a civil action by final judgment if the civil
6			action involved fraud, embezzlement, fraudulent
7			conversion, or misappropriation of property; or
8		(B)	Is subject to any currently effective order of
9			the Securities and Exchange Commission or the
10			securities administrator of any state denying
11			registration to or revoking or suspending the
12			registration of such person as a securities
13			broker or dealer or investment [advisor] adviser
14			or is subject to any currently effective order of
15			any national security association or national
16			securities exchange (as defined in the Securities
17			[and] Exchange Act of 1934) suspending or
18			expelling such person from membership $[\frac{\text{of}}{]}$
10			guch accodiation or evaluation or

(C) Is subject to any currently effective order or ruling of the Federal Trade Commission or is subject to any currently effective order relating

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1		to the business activity as a result of an action
2		brought by any public agency or department.
3		Such statement shall set forth the court, the date of
4		conviction or judgment, any penalty $imposed[au]$ or
5		damages assessed, or the date, nature, and issue of
6		such order[+];
7	(6)	A statement of when, where, and how long the
8		franchisor has:
9		(A) Conducted a business of the type to be operated
10		by the franchisees;
11		(B) Has granted franchises for such business; and
12		(C) Has granted franchises in other lines of
13		business[+];
14	(7)	A recent financial statement of the franchisor,
15		together with a statement of any material changes in
16		the financial condition of the franchisor from the
17		date [thereof.] of the financial statement. The
18		director may [describe: prescribe:
19		(A) [Form] The form and content of the financial
20		statements required under this chapter;
21		(B) The circumstances under which consolidated
22		financial statements [$\frac{1}{1}$] $\frac{1}{1}$ may be filed; and

1		(C) The circumstances under which financial	
2		statements shall be audited by independent,	
3	W.	certified public accountants[+];	
4	(8)	A copy of the typical franchise contract or agreement	
5		proposed for use in this State[+];	
6	(9)	A statement of the franchise fee charged, the proposed	
7		application of the proceeds of the fee by the	
8		franchisor, and the formula by which the amount of the	
9		fee is determined if the fee is not the same in all	
10		cases[+];	
11	(10)	A statement describing a payment of fees other than	
12		franchise fees that the franchisee or subfranchisor is	
13		required to pay to the franchisor including royalties	
14		and payments or fees [which] that the franchisor	
15		collects in whole or in part on behalf of a third	
16		party or parties[-];	
17	(11)	A statement of the conditions under which the	
18		franchise agreement may be terminated or renewed or	
19		renewal refused, or repurchased at the option of the	
20		franchisor[-];	
21	(12)	A statement of the conditions under which the	
22		franchise may be sold, transferred, or assigned $[+]$;	

1	(13)	A statement of the conditions imposed by the
2		franchisor whether by the terms of the franchise
3		agreement or by other device or practice whereby the
4		franchisee or subfranchisor is required to purchase
5		services, supplies, products, fixtures, or other goods
6		relating to the establishment or operation of the
7		franchise business from the franchisor or the
8		franchisor's designee[-];
9	(14)	A statement of any restriction or condition imposed by
10		the franchisor whether by the terms of the franchise
11		agreement or by other device or practice whereby the
12		franchisee is limited or required in the goods and
13		services offered by the franchisee [+];
14	(15)	A statement of the terms and conditions of any
15		financing arrangements when offered directly or
16		indirectly by the franchisor or the franchisor's agent
17		or affiliate[+];
18	(16)	A statement of any intent of the franchisor to sell,
19		assign, or discount to a third party any note,
20		contract, or other obligation of the franchisee in
21		whole or in part[-];

1	(17)	A co	py of any financial statement prepared for
2		pres	entation to prospective franchisees or other
3		pers	ons together with a statement setting forth the
4		basi	s for such statements[:];
5	(18)	A st	atement of the number of franchise businesses in
6		each	of the following categories [which] that within
7	en en	the	three-year period preceding the date of the
8		offe	ring circular have:
9		(A)	Been canceled or terminated by either the
10	¥		franchisor or franchisee;
11		(B)	Not been renewed by either the franchisor or
12			franchisee;
13		(C)	Been reacquired through purchase by the
14			franchisor;
15		(D)	Been otherwise reacquired by the franchisor; and
16		(E)	Been transferred or sold by the franchisee to
17			persons other than a corporation or other
18			business entity controlled by the transferring or
19			selling franchisee[+];
20	(19)	A st	atement describing the training program,
21		supe	rvision, and assistance the franchisor has and
22		will	provide the franchisee[+];

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1	(20)	A statement as to whether franchisees or
2		subfranchisors receive an exclusive area or
3		territory[-]:
4	(21)	A statement of any compensation or other benefit given
5		or promised to a public figure arising, in whole or in
6		part, from:
7		(A) [the] The use of the public figure in the name or
8		symbol of the franchise; or
9		(B) [the] The endorsement or recommendation of the
10		franchise by the public figure in
11		advertisements[-];
12	(22)	Such other information as the director may reasonably
13		require[-];
14	(23)	Such other information as the franchisor may wish to
15		present[+];
16	(24)	When the person selling the franchise is a
17		subfranchisor, the offering circular shall also
18		include the same information concerning the
19		subfranchisor as is required from the franchisor
20		pursuant to this subsection[+]; and

1	(25) List of names and addresses of all franchisees of the
2	franchisor whose franchise businesses are situated in
3	this State."
4	SECTION 48. Section 482E-6, Hawaii Revised Statutes, is
5	amended to read as follows:
6	"§482E-6 Relationship between franchisor or subfranchisor
7	and franchisee. (a) Without limiting the other provisions of
8	this chapter, the [following] specific rights and prohibitions
9	in this section shall govern the relation between the franchisor
10	or subfranchisor and its franchisees[\div].
11	$[\frac{(1)}{(b)}]$ The parties shall deal with each other in good
12	faith.
13	$[\frac{(2)}{(2)}]$ (c) For the purposes of this chapter and without
14	limiting its general application, it shall be an unfair or
15	deceptive act or practice or an unfair method of competition for
16	a franchisor or subfranchisor to:
17	$[\frac{A}{A}]$ (1) Restrict the right of the $[\frac{A}{A}]$
18	franchisee to join an association of
19	franchisees[-];
20	$[\frac{B}{B}]$ (2) Require a franchisee to purchase or lease
21	goods or services $[\frac{\text{of}}{\text{of}}]$ from the franchisor or
22	from designated sources of supply unless such

1	restrictive purchasing agreements are reasonably
2	necessary for a lawful purpose justified on
3	business grounds[. Suppliers]; provided that
4	suppliers suggested or approved by a franchisor
5	as meeting its standards and requirements shall
6	not be deemed designated sources of $supply[-]$;
7	$[\frac{(C)}{C}]$ Discriminate between franchisees in the
8	charges offered or made for royalties, goods,
9	services, equipment, rentals, advertising
10	services, or in any other business dealing,
11	unless and to the extent that any classification
12	of or discrimination between franchisees is:
13	$[\frac{(i)}{(i)}]$ Based on franchises granted at
14	materially different times, and such
15	discrimination is reasonably related to such
16	differences in time;
17	[(ii)] <u>(B)</u> Is related to one or more programs for
18	making franchises available to persons with
19	insufficient capital, training, business
20	experience, education, or lacking other
21	qualifications;

1	[(iii)]	(C) Is related to local or regional
2		experimentation with or variations in
3		product or service lines or business formats
4		or designs;
5	[(iv)]	(D) Is related to efforts by one or more
6		franchisees to cure deficiencies in the
7		operation of franchise businesses or
8		defaults in franchise agreements; or
9	[(V)]	(E) Is based on other reasonable
10		distinctions considering the purposes of
11		this chapter and is not arbitrary $[-]$;
12	[(D)] <u>(4)</u>	Obtain money, goods, services, anything of
13	value	e, or any other benefit from any other person
14	with	whom the franchisee does business on account
15	of s	uch business unless the franchisor advises
16	the :	franchisee in advance of the franchisor's
17	inter	ntion to receive such benefit[-];
18	[(E)] <u>(5)</u>	Establish a similar business or to grant a
19	franc	chise for the establishment of a similar
20	busi	ness at a location within a geographical area
21	spec	ifically designated as the exclusive
22	terr	itory in a franchise previously granted to

1		another franchisee in a currently effective
2		agreement, except under the circumstances or
3		conditions prescribed in such agreement. The
4		fact that other franchisees or the franchisor may
5		solicit business or sell goods or services to
6		people residing in such geographical territory
7		shall not constitute the establishment of a
8		similar business within the exclusive
9		territory[-];
10	[(F)]	(6) Require a franchisee at the time of entering
11		into a franchise to assent to a release,
12		assignment, novation, or waiver which would
13		relieve any person from liability imposed by this
14		chapter. Any condition, stipulation, or
15		provision binding any person acquiring any
16		franchise to waive compliance with any provision
17		of this chapter or a rule [promulgated] adopted
18		hereunder shall be void. This paragraph shall
19		not bar or affect the settlement of disputes,
20		claims, or civil suits arising or brought under
21		this chapter [-] ;

1	[(G)]	(7) Impose on a franchisee by contract, rule, or
2		regulation, whether written or oral, any
3) Ne	unreasonable and arbitrary standard of
4		conduct[.];
5	[-(H)-]	(8) Terminate or refuse to renew a franchise
6		except for good cause, or in accordance with the
7		current terms and standards established by the
8		franchisor then equally applicable to all
9		franchisees[, unless and to the extent that the].
10		The franchisor [satisfies] shall satisfy the
11		burden of proving that any classification of or
12		discrimination between franchisees is reasonable,
13		is based on proper and justifiable distinctions
14		considering the purposes of this chapter, and is
15		not arbitrary. For purposes of this paragraph,
16		good cause in a termination case shall include $[au]$
17		but not be limited to $[au]$ the failure of the
18		franchisee to comply with any lawful, material
19		provision of the franchise agreement after having
20		been given written notice thereof and an
21		opportunity to cure the failure within a
22		reasonable period of time $[-]$; and

1	[(I)] <u>(9)</u> Re	efuse to permit a transfer of ownership of
2	a franc	chise, or of a proprietorship, partnership,
3	corpora	ation, or other business entity that is a
4	franch	isee or subfranchisor, except for good
5	cause.	For purposes of this paragraph good cause
6	shall	include $[au]$ but not be limited to:
7	[(i)] <u>(</u> 2	A) The failure of a proposed transferee to
8	me	eet any of the franchisor's or
9	SI	ubfranchisor's reasonable qualifications or
10	s	andards then in effect for a franchisee or
11	SI	ubfranchisor;
12	[(ii)] <u>(</u>]	3) The fact that the proposed transferee
13	0.	any affiliated person of the proposed
14	t:	ransferee is a competitor of the franchisor
15	0.	subfranchisor;
16	[(iii)] <u>((</u>	C) The inability or unwillingness of the
17	p	roposed transferee to agree in writing to
18	Co	omply with and be bound by all lawful
19	ol	oligations imposed by the franchise,
20	iı	ncluding without limitation all instruction
21	aı	nd training obligations, and to sign the

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current form of franchise agreement used by

2	the franchisor or subfranchisor; and
3	$[\frac{\text{(iv)}}{\text{(D)}}]$ The failure of the franchisee or
4	proposed transferee to pay any sums owing to
5	the franchisor and to cure any default in
6	the franchise agreement or other agreements
7	with the franchisor existing at the time of
8	the proposed transfer.
9	A franchisor or subfranchisor shall have thirty days
10	after being notified in writing of a proposed transfer
11	to approve or disapprove in writing a proposed
12	transfer of ownership or control of a franchise, or of
13	a proprietorship, partnership, corporation, or other
14	business entity that is a franchisee or subfranchisor,
15	stating its reason for disapproval. If a franchisor
16	or subfranchisor fails to approve or disapprove a
17	proposed transfer in writing within such period, the
18	franchisor or subfranchisor shall be deemed to have
19	approved such transfer.
20	$[\frac{(3)}{(d)}]$ Upon termination or refusal to renew the
21	franchise the franchisee shall be compensated for the fair
22	market value, at the time of the termination or expiration of

- 1 the franchise, of the franchisee's inventory, supplies,
- 2 equipment, and furnishings purchased from the franchisor or a
- 3 supplier designated by the franchisor; provided that
- 4 personalized materials which have no value to the franchisor
- 5 need not be compensated for. If the franchisor refuses to renew
- 6 a franchise for the purpose of converting the franchisee's
- 7 business to one owned and operated by the franchisor, the
- 8 franchisor, in addition to the remedies provided in this
- 9 [paragraph,] subsection shall compensate the franchisee for the
- 10 loss of goodwill. The franchisor may deduct from such
- 11 compensation reasonable costs incurred in removing,
- 12 transporting, and disposing of the franchisee's inventory,
- 13 supplies, equipment, and furnishings pursuant to this
- 14 requirement, and may offset from such compensation any moneys
- 15 due the franchisor.
- 16 [(4) The provisions of this] (e) This chapter shall apply
- 17 to all written or oral arrangements with the franchisee
- 18 including but not limited to the [franchise offering,] offering
- 19 circular, the franchise agreement, sales of goods or services,
- 20 leases and mortgages of real or personal property, promises to
- 21 pay, security interest, pledges, insurance contracts,
- 22 advertising contracts, construction or installation contracts,



- 1 servicing contracts, and all other such arrangements in which
- 2 the franchisor or subfranchisor has any direct or indirect
- 3 interest.
- 4 $\left[\frac{(5)}{(5)}\right]$ (f) In any proceedings damages may be based on
- 5 reasonable approximations but not on speculation."
- 6 SECTION 49. Section 483-1, Hawaii Revised Statutes, is
- 7 amended to read as follows:
- 8 "§483-1 Definitions; limitations of law. In this chapter,
- 9 unless otherwise expressly stated[obligation]:
- 10 "Obligation" does not include a liability in tort[+
- 11 obligor].
- "Obligor" does not include a person liable for a tort[+
- obligee].
- 14 "Obligee" does not include a person having a right based on
- 15 a tort. [Several obligors]
- 16 "Several obligors" means obligors severally bound for the
- 17 same performance."
- 18 SECTION 50. Section 484-1, Hawaii Revised Statutes, is
- 19 amended as follows:
- 20 1. By adding a new definition to be appropriately inserted
- 21 and to read:

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1
         ""Director" means the director of commerce and consumer
2
    affairs."
         2. By amending the definition of "commissioner" to read:
3
4
         ""Commissioner of securities" means the [director of
    commerce and consumer affairs in the director's capacity as 1
5
    commissioner of securities [-] as defined in section 485A-102."
6
7
         SECTION 51. Section 484-2, Hawaii Revised Statutes, is
8
    amended to read as follows:
9
         "§484-2 [Administrative director.] Administration.
    chapter shall be administered by the director of commerce and
10
    consumer affairs [, hereinafter called the director.]."
11
12
         SECTION 52. Section 484-3, Hawaii Revised Statutes, is
13
    amended by amending subsection (a) to read as follows:
14
         "(a) Unless the method of disposition is adopted for the
15
    purpose of evasion of this chapter, or unless the subdivider
16
    files in writing with the director that this chapter shall apply
    to the subdivider's subdivision, this chapter shall not apply to
17
    offers or dispositions of an interest in land:
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19
              By a purchaser of subdivided lands for the purchaser's
         (1)
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              own account in a single or isolated transaction;
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1	(2)	If fewer than twenty separate lots, parcels, units, or
2		interests in subdivided lands are offered by a person
3		in a period of twelve months;

- (3) Where the division of lands is a leasehold agricultural lot within state agricultural districts on which no dwelling structures are constructed as provided in section [205-4.5(e);] 205-4.5(f);
- (4) On which there is a residential, commercial, or industrial building, or as to which there is a legal obligation on the part of the seller to construct a building on the land within two years from the date of disposition; provided that the obligation to construct shall not be, directly [+]or[+] indirectly, transferred to or otherwise imposed upon the purchaser;
 - (5) To persons who are engaged in, and are duly licensed to engage in, the business of construction of buildings for resale, or to persons who acquire an interest in subdivided lands for the purpose of engaging, and do engage in, and are duly licensed to engage in, the business of construction of buildings for resale:

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1
         (6)
              Pursuant to court order;
2
         (7)
              By any government or government agency;
3
         (8)
              As cemetery lots or interests; or
4
         (9)
              Registered as a condominium property regime pursuant
5
              to chapter 514B."
         SECTION 53. Section 484-5, Hawaii Revised Statutes, is
6
7
    amended by amending subsection (c) to read as follows:
8
               The application shall be submitted with payment of
9
    the appropriate registration [\tau] and consultant [\tau] fees and
10
    inspection [fees.] expenses."
         SECTION 54. Section 486-77, Hawaii Revised Statutes, is
11
12
    amended to read as follows:
13
         "§486-77
                  Tampering with passenger car odometer
14
    prohibited; misrepresentation of distance traveled prohibited.]
    Odometers; prohibitions; exemptions. (a) It shall be unlawful
15
16
    to:
17
         (1)
              Tamper with an odometer, installed in a passenger car,
18
              for any purpose. This [section] paragraph shall not
19
              be construed to preclude legitimate repair,
20
              replacement, or adjustment of an odometer, provided
21
              that the administrator may require documentation of
22
              such repair, replacement, or adjustment[-];
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1	(2)	Advertise for sale, or sell, rent, lease, or export
2		any passenger car, the odometer of which has been
3		tampered with in such a fashion or manner as to
4		mislead the prospective buyer to believe that the
5 .		passenger car traveled a lesser distance than it
6		actually has traveled[+];
7	(3)	Operate a passenger car on any street or highway,
8		knowing that the odometer of the passenger car is

- knowing that the odometer of the passenger car is disconnected or nonfunctional[-];
- 10 (4) Disconnect, turn back, advance, or reset the odometer of any passenger car with intent to alter the distance 11 12 indicated on the odometer [-]; or
- 13 (5) Misrepresent the true distance traveled by any 14 passenger car subject to this part, so as to mislead a 15 prospective buyer.
- 16 This section shall not preclude the installation, 17 maintenance, repair, or replacement of odometers when such 18 action is necessary to cause compliance with this part. Any 19 such action, however, shall expressly be noted on the 20 certificate of ownership and called to the attention of a 21 prospective buyer, in writing."

1	SECT	ION 55. Section 486-79, Hawaii Revised Statutes, is	
2	amended b	y amending its title to read as follows:	
3	"§ 48	6-79 Citation and notice to appear[; penalty.]."	
4	SECT	ION 56. Section 486-134, Hawaii Revised Statutes, is	
5	amended to read as follows:		
6	"[+]	§486-134[+] Optional licensing. The following persons	
7	shall not	be required, but shall be permitted, to obtain	
8	licenses	as public measuremasters:	
9	(1)	A law enforcement or measurement standards officer, or	
10		other qualified employee of a state[, city, or county	
11		agency or institution when acting within the scope of	
12		the officer's or employee's official duties;	
13	(2)	A person weighing property, produce, commodities, or	
14		articles that the person, or the person's employer,	
15		[if any,] is either buying or selling; and	
16	(3)	A person weighing property, produce, commodities, or	
17		articles in conformity with the requirements of	
18		federal statutes or the statutes of this State	
19		relative to [warehousepersons] warehouse workers or	
20		processors."	

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         SECTION 57. Section 486B-1, Hawaii Revised Statutes, is
2
    amended by amending the definition of "person" to read as
3
    follows:
         ""Person" means an individual, corporation, government[7]
4
    or governmental subdivision or agency, business trust, estate,
5
6
    trust, partnership, unincorporated association, two or more of
7
    any of the foregoing having a joint or common interest, or any
    other legal or commercial entity."
8
         SECTION 58. Section 486H-1, Hawaii Revised Statutes, is
9
    amended as follows:
10
         1. By amending the definition of "non-refiner marketer" to
11
12
    read:
13
         ""Non-refiner marketer" means any person who acquires
    gasoline for sale in the State [of Hawaii,] and who is not a
14
15
    refiner located and operating in the State [of Hawaii], nor an
16
    importer owned by or affiliated with, directly or indirectly,
    [by] a refiner located and operating in the State [of Hawaii]."
17
         2. By amending the definition of "retail" as follows:
18
19
         "["Retail" means the sale of a product for purposes other
```

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than resale.

- 1 "Retail" means a sale of gasoline made to the general
- 2 public at prices that are displayed on the dispensing
- 3 equipment."
- 4 3. By amending the definitions of "retail service station"
- 5 and "retail station" to read:
- 6 ""Retail service station" or "retail station" means a place
- 7 of business where motor vehicle fuel is sold and delivered into
- 8 the tanks of motor vehicles [-
- 9 "Retail station" means and includes a company retail
- 10 station, a dealer retail station, and an independent retail
- 11 station."
- 12 4. By amending the definition of "secondary brand" to
- 13 read:
- ""Secondary brand" means a trade name or trademark, other
- 15 than a major brand, used to identify a [manufacturer's] company
- 16 retail [service] station."
- 17 5. By repealing the definition of "self-serve basis":
- 18 "["Self-serve basis" means that the retail station allows
- 19 customers to dispense gasoline into vehicles.]"
- 20 SECTION 59. Section 486H-4, Hawaii Revised Statutes, is
- 21 amended to read as follows:

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1	"[+]\$486H-4[] Exceptions.] Wrongful termination,
2	cancellation, or nonrenewal; exception to actions. No action
3	may be brought under section 486H-2 in connection with the
4	termination, cancellation, or nonrenewal of a franchise if the
5	franchise agreement provides for the binding arbitration of
6	disputes arising under the agreement, including disputes related
7	to the termination, cancellation, or nonrenewal of the
8	franchise, in accordance with chapter 658A and the rules of the
9	American Arbitration Association."
10	SECTION 60. Section 486H-10.4, Hawaii Revised Statutes, is
11	amended to read as follows:
12	"§486H-10.4 Restrictions on manufacturers or jobbers in
13	operating service stations; lease rent controls[; definitions].
14	(a) Beginning August 1, 1997, no manufacturer or jobber shall
15	convert an existing dealer retail station to a company retail
16	station; provided that nothing in this section shall limit a
17	manufacturer or jobber from:
18	(1) Continuing to operate any company [operated] retail
19	[service stations] station legally in existence on
20	July 31, 1997;
21	(2) Constructing and operating any new retail service

[stations] station as <u>a</u> company retail [stations]

14

15

1	station	constr	ucted	after	August	1,	1997,	subject	to
2	subsecti	on (b)	; or						

- 8 (b) No new company retail station shall be located within
 9 one-eighth mile of a dealer retail station in an urban area, and
 10 within one-quarter mile in other areas.
- 11 (c) All leases as part of a franchise as defined in
 12 section 486H-1, existing on August 1, 1997, or entered into
 13 thereafter, shall be construed in conformity with the following:
 - (1) Such renewal shall not be scheduled more frequently than once every three years; and
- 16 (2) Upon renewal, the lease rent payable shall not exceed
 17 fifteen per cent of the gross sales, except for
 18 gasoline, which shall not exceed fifteen per cent of
 19 the gross profit of product, excluding all related
 20 taxes by the dealer [operated] retail [service]
 21 station as defined in section 486H-1 [and 486H-10.4]
 22 plus, in the case of a retail service station at a

1	location where the manufacturer or jobber is the
2	lessee and not the owner of the ground lease, a
3	percentage increase equal to any increase [which] that
4	the manufacturer or jobber is required to pay the
5	lessor under the ground lease for the service station.
6	[For the purposes of this subsection, "gross amount"
7	means all monetary earnings of the dealer from a
8	dealer operated retail service station after all
9	applicable taxes, excluding income taxes, are paid.
10	The provisions of this subsection shall not apply to any
11	existing contracts that may be in conflict with its provisions.
12	(d) Nothing in this section shall prohibit a gasoline
13	dealer from selling a retail service station in any manner."
14	SECTION 61. Section 486H-10.5, Hawaii Revised Statutes, is
15	amended to read as follows:
16	"[+]\$486H-10.5[+] Violation; penalties. Any person who
17	violates section [$\frac{486H-10}{2}$] $\frac{486H-10.4}{2}$ shall be assessed a civil
18	penalty of \$1,000 per day for each violation."
19	SECTION 62. Section 486H-11, Hawaii Revised Statutes, is
20	amended to read as follows:
21	"[+]\$486H-11[+] Enforcement of prohibition. (a) The
22	attorney general shall commence a civil action to enforce

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- 1 section [486H-10,] 486H-10.4 by seeking injunctive or any other
- 2 appropriate relief. The civil action shall be brought in the
- 3 circuit court of the circuit where the alleged violation
- 4 occurred, or where the defendant resides or is doing business.
- 5 (b) Any person who is injured in [another] that person's
- **6** business or property by the violation of section $[486H-10_{1}]$
- 7 486H-10.4 may bring a civil action for damages or injunctive
- 8 relief, or both, against the person violating section [486H-10.]
- 9 486H-10.4. If the plaintiff prevails, the plaintiff shall be
- 10 awarded reasonable [attorneys] attorneys' and expert witness
- 11 fees; provided that if a court awards only nominal damages to
- 12 the plaintiff, those fees, in the court's discretion, need not
- 13 be awarded to the plaintiff. Any action brought under this
- 14 subsection shall be brought in the circuit court of the circuit
- 15 where the alleged violation occurred, or where the defendant
- 16 resides or is doing business."
- 17 SECTION 63. Section 486K-1, Hawaii Revised Statutes, is
- 18 amended by amending the definitions of "guest", "hotel/hotel-
- 19 condo", and "keeper" to read as follows:
- 20 ""Guest" means a person who is registered at the hotel and
- 21 to whom a bedroom is assigned. The term "guest" shall include

- 1 not only the guest, but the members of the guest's family and
- 2 other persons who accompany the guest.
- 3 ["Hotel/hotel-condo"] "Hotel", "hotel-condominium" or
- 4 "condominium-hotel" means an establishment consisting of any
- 5 building or structure used primarily for the business of
- 6 providing for consideration transient accommodation lodging
- 7 facilities and that furnishes, as part of its routine
- 8 operations, one or more customary lodging services, other than
- 9 living accommodations and the use of furniture and fixtures,
- 10 including $[\tau]$ but not limited to $[\tau]$ restaurant facilities, or
- 11 room attendant, bell, telephone switchboard, laundering, or
- 12 concierge services, and is subject to the transient
- 13 accommodations tax under chapter 237D.
- 14 ["Keeper"] "Hotelkeeper" or "keeper" includes any [person,]
- 15 individual, firm, or corporation actually operating a hotel."
- 16 SECTION 64. Section 486K-2, Hawaii Revised Statutes, is
- 17 amended by amending its title to read as follows:
- 18 "[+]\$486K-2[] Hotelkeepers] Hotelkeeper's lien on
- 19 baggage, etc., of guests; summary ejectment of delinquents."
- 20 SECTION 65. Section 486K-4, Hawaii Revised Statutes, is
- 21 amended by amending subsection (a) to read as follows:



1	"(a) If the keeper of any hotel provides a safe or vault
2	in its office [thereof,] at the hotel for the safekeeping of any
3	valuables belonging to the guests of the hotel, and prominently
4	posts a notice in the room or rooms occupied by the guest
5	stating that a safe or vault is provided in which valuables may
6	be deposited and if any guest neglects to deliver valuables to
7	the person in charge of the safe or vault, the keeper of the
8	hotel shall not be liable in any sum for any loss of valuables
9	sustained by the guest by theft or otherwise unless the loss is
10	due to the negligence or fault of the keeper of the hotel. If
11	the guest delivers valuables to the person in charge of the
12	office for deposit in the safe or vault, the keeper shall not be
13	liable for any loss $[rac{ ext{thereof}}{ ext{thereof}}]$ sustained by the guest $[au]$ by theft
14	or otherwise[$_{ au}$] in any sum exceeding \$500; provided that the
15	keeper's liability is limited to \$500 only if:
16	(1) [the] The keeper gives a receipt for the valuables on
17	a form which states, in type large enough to be
18	clearly noticeable, that the keeper is not liable for
19	any loss exceeding \$500 except by special agreement in
20	writing in which the keeper agrees to accept liability
21	for losses in excess of \$500; and

- 1 (2) [the] The loss is not due to the negligence or fault
 2 of the keeper of the hotel.
 3 The keeper may accept liability for losses in excess of \$500 by
 4 special agreement in writing between a guest and the keeper or
 5 the keeper's duly authorized representative."
- 6 SECTION 66. Section 486K-5, Hawaii Revised Statutes, is 7 amended to read as follows:
- 8 "[+]\$486K-5[+] Hotelkeeper's liability for personal
- 9 property. (a) No [keeper of any hotel] hotelkeeper shall be
- 10 liable in any sum to any guest of the hotel for the loss of
- 11 wearing apparel, goods, merchandise, or other personal property
- 12 not mentioned in section 486K-4, unless it appears that the loss
- 13 occurred through the fault or negligence of the [keeper.]
- 14 hotelkeeper.
- (b) [Nor shall any keeper] No hotelkeeper shall be liable
- 16 in any event in any sum for the loss of any article or articles
- 17 of wearing apparel, cane, umbrella, satchel, valise, bag, box,
- 18 bundle, or other chattel belonging to any guest of, or in, any
- 19 hotel, and not within a room or rooms assigned to the guest,
- 20 unless the same is specially [intrusted] entrusted to the care
- 21 and custody of the keeper or the keeper's duly authorized
- 22 agent[, and if]. If so specially [intrusted] entrusted with any



- 1 such article belonging to the guest, the keeper shall not be
- 2 liable for the loss of the [same] article in any sum exceeding
- 3 \$500 [except]; provided that the keeper's liability may be in
- 4 excess of \$500 by special agreement in writing with the keeper
- 5 or the keeper's duly authorized representative."
- 6 SECTION 67. Section 486K-6, Hawaii Revised Statutes, is
- 7 amended to read as follows:
- 8 "[+] \$486K-6[+] Hotelkeeper's [responsibility] liability in
- 9 case of fire, etc. [The keeper of any hotel] A hotelkeeper
- 10 shall only be liable to any quest of the hotel $[\tau]$ for ordinary
- 11 and reasonable care in the custody of money, jewels, bank notes,
- 12 precious stones, transportation tickets, negotiable or valuable
- 13 papers, ornaments, baggage, wearing apparel, or other chattels
- 14 or property belonging to any guest, whether specially
- 15 [intrusted] entrusted to the keeper or the keeper's agent, or
- 16 deposited in the safe of the hotel, for any loss occasioned by
- 17 fire or by any other cause or force $[\tau]$ over which the
- 18 [proprietor] hotelkeeper had no control."
- 19 SECTION 68. Section 487-13, Hawaii Revised Statutes, is
- 20 amended as follows:
- 21 1. By amending its title to read:

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1	"§487-13 [Penalties for unlicensed] Unlicensed acts [-];
2	penalties."
3	2. By amending subsection (c) to read:
4	"(c) Any contract for the furnishing of commodities or
5	services by an unlicensed, unregistered, or [uncertified]
6	uncertificated person shall be void and shall prevent such
7	person from recovering the contract price or the reasonable
8	value thereof."
9	SECTION 69. Section 487J-2, Hawaii Revised Statutes, is
10	amended by amending subsection (a) to read as follows:
11	"(a) Except as otherwise provided in subsection (b), a
12	business or government agency may not do any of the following:
13	(1) Intentionally communicate or otherwise make available
14	to the general public an individual's entire social
15	security number;
16	(2) Intentionally print or imbed an individual's entire
17	social security number on any card required for the
18	individual to access products or services provided by
19	the [person or entity;] business or government agency;
20	(3) Require an individual to transmit the individual's
21	entire social security number over the [internet,]
22	Internet unless the connection is secure or the

1		social security number is encrypted $[+]$. For purposes
2		of this paragraph, "encrypted" means that an
3		algorithmic process has been used to transform data
4		into a form in which the data is rendered unreadable
5		or unusable without the use of a confidential process
6		or key;
7	(4)	Require an individual to use the individual's entire
8		social security number to access an internet website,
9		unless a password or unique personal identification
10		number or other authentication device is also required
11		to access the internet website; [and] or
12	(5)	Print an individual's entire social security number on
13		any materials that are mailed to the individual,
14		unless the materials are employer-to-employee
15		communications, or where specifically requested by the
16		individual."
17	SECT	ION 70. Section 487N-1, Hawaii Revised Statutes, is
18	amended by	y amending the definition of "encryption" to read as
19	follows:	
20	""En	cryption" or "encrypted" means the use of an
21	algorithm	ic process to transform data into a form in which the

1	t the use	without	unusable	or	unreadable	rendered	is	data	1

- 2 confidential process or key."
- 3 SECTION 71. Section 487N-2, Hawaii Revised Statutes, is
- 4 amended by amending subsection (g) to read as follows:
- 5 "(g) The following businesses shall be deemed to be in
- 6 compliance with this section:
- 7 (1) A financial institution that is subject to the
- **8** [Federal] federal Interagency Guidance on Response
- 9 Programs for Unauthorized Access to [Consumer]
- 10 Customer Information and Customer Notice published in
- the Federal Register on March 29, 2005, by the Board
- of Governors of the Federal Reserve System, the
- 13 Federal Deposit Insurance Corporation, the Office of
- the Comptroller of the Currency, and the Office of
- 15 Thrift Supervision, or subject to 12 C.F.R. Part 748,
- and any revisions, additions, or substitutions
- relating to [said] the interagency guidance; and
- 18 (2) Any health plan or healthcare provider that is subject
- 19 to and in compliance with the standards for privacy or
- 20 individually identifiable health information and the
- 21 security standards for the protection of electronic

1	health information of the Health Insurance Portability
2	and Accountability Act of 1996."
3	SECTION 72. Section 487R-1, Hawaii Revised Statutes, is
4	amended by amending the definition of "personal information" to
5	read as follows:
6	""Personal information" means an individual's first name or
7	first initial and last name in combination with any one or more
8	of the following data elements, when either the name or the data
9	elements are not encrypted:
10	(1) Social security number;
11	(2) Driver's license number or Hawaii identification card
12	number; or
13	(3) Account number, credit or debit card number, access
14	code, or password that would permit access to an
15	individual's financial account.
16	"Personal information" shall not include publicly available
17	information that is lawfully made available to the general
18	public from federal, state, or local government records.
19	"Encrypted", as used in this definition means the use of an
20	algorithmic process to transform data into a form in which the
21	data is rendered unreadable or unusable without the use of a

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22

confidential process or key."

1	SECT	ION 73. Section 487R-2, Hawaii Revised Statutes, is
2	amended b	y amending subsection (c) to read as follows:
3	"(c)	A business or government agency may satisfy its
4	obligatio	n hereunder by exercising due diligence and entering
5	into a wr	itten contract with, and thereafter monitoring
6	complianc	e by, another party engaged in the business of [record]
7	<u>records</u> d	estruction to destroy personal information in a manner
8	consisten	t with this section. Due diligence should ordinarily
9	include o	ne or more of the following:
10	(1)	Reviewing an independent audit of the disposal
11		business' operations or its compliance with this
12		[statute or its equivalent; chapter;
13	(2)	Obtaining information about the disposal business from
14		several references or other reliable sources and
15		requiring that the disposal business be certified by a
16		recognized trade association or similar third party
17		with a reputation for high standards of quality
18		review; or
19	(3)	Reviewing and evaluating the disposal business'
20		information security policies or procedures, or taking
21		other appropriate measures to determine the competency
22		and integrity of the disposal business."

```
SECTION 74. Section 488-1, Hawaii Revised Statutes, is
1
2
    amended to read as follows:
3
         "§488-1 Definitions. As used in this chapter:
         [\frac{1}{1}] "Department" means the department of commerce and
4
    consumer affairs.
5
6
         [\frac{(2)}{2}] "Plan administrator" means those persons who have
    discretionary authority for the management of the plan or for
7
    the collection, management, or disbursement of plan moneys.
8
         [<del>(3)</del>] "Prepaid legal service plan" [<del>("Plan")</del>] or "plan"
9
10
    means a group legal service plan in which the cost of the
    services are prepaid by the group member or by some other person
11
    or organization in the member's behalf.
12
         [A-group] "Group legal service plan" is a plan by which
13
    legal services are rendered to individual members of a group
14
    identifiable in terms of some common interest."
15
16
         SECTION 75. Section 488-2, Hawaii Revised Statutes, is
17
    amended to read as follows:
         "[+]§488-2[+] Applicability; other statutes, rules of
18
```

court. (a) This chapter shall apply to all plans in the State

other than:

19

- 1 (1) Plans in which either the group or the plan
 2 administrator is otherwise subject to regulation under
 3 chapter 431 or [433.] 432;
- 4 (2) Plans in which any party to the plan is the federal government or any agency thereof [-]; or
- 6 (3) Any employer-employee plan [which] that is subject to
 7 the federal Employee Retirement Income Security Act of
 8 1974, Public Law 93-406.
- 9 (b) The operation of all plans subject to this chapter
 10 shall also be subject to chapters 480, [481, part I,] part I of
 11 chapter 481, 481A, and 481B, and other provisions of law [which]
 12 that may be applicable. Chapters 431[, 433, and 434] and 432
 13 shall not apply to any plans or the operations thereof [which]
 14 that are subject to this chapter, except as provided in sections
 15 488-5 and 488-6.
- (c) No plan subject to this chapter shall contravene rules
 of court adopted by the Hawaii supreme court."
- 18 SECTION 76. Section 488-5, Hawaii Revised Statutes, is 19 amended to read as follows:
- "[+] §488-5[+] Annual exhibits; examination by director.
- 21 (a) Each plan shall file with the director of commerce and
- 22 consumer affairs within thirty days after the end of its fiscal

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1
    year a statement under oath in such form as the director
    prescribes containing:
2
3
         (1) A statement setting forth the total amount of gross
              receipts and expenditures of the plan during its
4
5
              fiscal year;
              The assets and liabilities of the plan at the close of
         (2)
6
7
              its fiscal year; and
8
         (3)
              The profit and loss of the plan during its fiscal
9
              year.
10
              The powers, authorities, and duties relating to
11
    examinations vested in and imposed upon the insurance
12
    commissioner under chapter 431 are extended to and imposed upon
    the director in respect to examinations of the plans; provided
13
14
    that no examination shall attempt to obtain or inspect written
15
    or oral information or documents in violation of the [attorney-
16
    client privilege] rules for client-lawyer confidentiality as [it
17
    is contained in the [Code of Professional Responsibility]
18
    Hawaii Rules of Professional Conduct adopted by the supreme
19
    court."
```

SECTION 77. Section 488-6, Hawaii Revised Statutes, is

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20

21



amended to read as follows:

1 "[+] \$488-6[+] Investments of certain plans. No plan 2 promising or offering to pay for legal services in an amount 3 equal to or in excess of \$25 a year shall invest any of its 4 assets other than as authorized and provided for in respect to 5 domestic insurance companies and societies under [chapter] 6 chapters $431[\tau]$ and 432, which provisions are hereby extended to 7 and made applicable to prepaid legal service plans." 8 SECTION 78. Section 489D-4, Hawaii Revised Statutes, is 9 amended by amending the definition of "permissible investments" 10 to read as follows: ""Permissible investments" means: 11 12 (1)Cash: 13 Certificates of deposit or other debt obligations of a (2) 14 financial institution, either domestic or foreign; 15 Bills of exchange or time drafts drawn on and accepted (3) 16 by a commercial bank, known as bankers' acceptances, 17 that are eligible for purchase by member banks of the Federal Reserve System; 18 Any investment bearing a rating of one of the three 19 highest grades as defined by a nationally recognized 20 21 organization that rates securities;

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1	(5)	Investment securities that are obligations of the
2		United States, its agencies, or its instrumentalities,
3		obligations that are guaranteed fully as to principal
4		and interest of the United States, or any obligations
5		of any state, municipality, or any political
6		subdivision thereof;

- bills, notes, or bonds, debentures or stock traded on any national securities exchange or on a national over-the-counter market, mutual funds primarily composed of these securities, or a fund composed of one or more permissible investments as set forth in [this subsection;] paragraphs (1) to (5);
- (7) Any demand borrowing agreement or agreements made with a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange;
- (8) Receivables that are due to a licensee from its authorized delegates pursuant to a contract under section 489D-21, that are not past due or doubtful of collection; or
- 21 (9) Any other investments or security device approved by22 the commissioner."

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1
         SECTION 79. Section 489D-8, Hawaii Revised Statutes, is
2
    amended by amending subsection (a) to read as follows:
3
         "(a) A licensee, at all times, shall possess permissible
    investments having an aggregate market value, calculated in
4
5
    accordance with generally accepted accounting principles, of not
6
    less than the aggregate amount of all outstanding payment
7
    instruments issued or sold by the licensee or its authorized
    delegate in the United States. This requirement may be waived
8
    by the commissioner if the dollar [volume] value of a licensee's
9
    outstanding payment instruments does not exceed the bond or
10
11
    other security devices posted by the licensee pursuant to
    section 489D-7."
12
13
         SECTION 80. Section 489E-3, Hawaii Revised Statutes, is
14
    amended by amending subsection (a) to read as follows:
15
               This chapter shall apply to electronic records and
16
    electronic signatures relating to a transaction. [A transaction
    subject to this chapter shall be subject to other applicable
17
18
    substantive law.]"
19
         SECTION 81. This Act shall be amended to conform to all
20
    other acts passed by the legislature during the regular session
    of 2008, whether enacted before or after the effective date of
21
22
    this Act, unless the other act specifically provides otherwise.
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1 SECTION 82. Statutory material to be repealed is bracketed

2 and stricken. New statutory material is underscored.

3 SECTION 83. This Act shall take effect upon its approval.

4

INTRODUCED BY:

EY REQUEST

JAN 1 8 2008

Report Title:

Volume 11; Housekeeping Amendments

Description:

Amends various provisions of volume 11 of the Hawaii Revised Statutes for the purpose of correcting errors and references, and clarifying language.