STAND. COM. REP. NO. 447

Honolulu, Hawaii

Fe 7 15, 2007

RE: H.B. No. 936 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns, to which was referred H.B. No. 936 entitled:

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

begs leave to report as follows:

The purpose of this bill is to enhance competition and increase consumer choice in the gift card and gift certificate marketplace by allowing certificate issuers to charge service fees, except for "back-end" service fees for dormancy or inactivity, which may only by charged after the first six months after the certificate is issued. The bill also requires issuers to disclose any fees that may be charged, their timing, and amount.

VISA U.S.A., Inc., and a concerned individual supported this bill. The Department of Commerce and Consumer Affairs, Retail Merchants of Hawaii, and Hawaii Food Industry Association opposed the bill.

Your Committee finds that the current law prevents some multi-use gift card issuers from marketing their products in Hawaii, because they are unable to recoup the costs of marketing, selling, and servicing the card, which includes the cost of replacing cards and customer service. Your Committee also heard that because of federal preemption, gift cards issued by federally charter banks may charge fees despite state law.

Your Committee has amended this bill by:

- (1) Extending the six month period after which fees may be charged, to 24 months; and
- (2) Changing the effective date to July 1, 2034, to allow further discussion of the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 936, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 936, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business Concerns,

KYLE T. YAMASHITA, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.:	Date:	Date:			
нв 936	February 12, 2007				
Committee Referral: LAB, EDB, FIN	☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended	Pass, with amendments				
☐ Hold	 Pass, with amendments, for recommittal for further consideration 				
EDB Members	Ayes	Ayes (WR)	Nays	Excused	
1. YAMASHITA, Kyle T. (C)					
2. WAKAI, Glenn (VC)	V				
3. BERG, Lyla B., Ph.D.					
4. BROWER, Tom					
5. CHANG, Jerry L.	/				
6. HANOHANO, Faye P.					
7. HERKES, Robert N.					
8. MANAHAN, Joey	V-				
9. TSUJI, Clift	V				
10. YAMANE, Ryan I.	V				
11. CHING, Corinne W.L.					
12. MARUMOTO, Barbara C.					
	nittee acrony	did not suppo	rt recommendation		
Vice Chair's or designee's signature: Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office					
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