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## HOUSE CONCURRENT RESOLUTION

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CALLING UPON DIGITAL GAME DEVELOPERS AND PUBLISHERS TO CEASE  
PREDATORY PRACTICES WHICH EXPLOIT CONSUMERS THROUGH LOOT  
BOXES AND GAMBLING-LIKE MECHANISMS IN DIGITAL GAMES AND  
GAME CONTENT.

1 WHEREAS, digital and physical variable reward mechanisms  
2 such as casino slot machines and digital loot boxes are designed  
3 to exploit human psychology to cause repetitive consumption  
4 which maximizes player spending; and  
5

6 WHEREAS, on numerous occasions studies have found negative  
7 psychological impacts from extended exposure to exploitive  
8 variable reward mechanisms which can lead to addiction, as well  
9 as cognitive developmental problems in particularly vulnerable  
10 youth; and  
11

12 WHEREAS, governmental departments and agencies heavily  
13 regulate variable reward mechanisms in casino games to minimize  
14 negative impacts to mental health and particularly developing  
15 youth, as well as ensure transparency by requiring strict  
16 disclosure to consumers of the odds of winning possible rewards  
17 contained within those games; and  
18

19 WHEREAS, gaming industry developers have begun to employ  
20 variable reward mechanisms such as loot boxes which operate  
21 similarly to slot machines in digital games often marketed to  
22 adults and children of all ages in recent years, through which  
23 players can pay real money for a chance to win randomized  
24 virtual items; and  
25

26 WHEREAS, especially concerning, there is no requirement for  
27 digital game developers and publishers to disclose to consumers  
28 the specific inclusion of variable reward gambling-like  
29 mechanisms in games being sold to the public, including children



1 of all ages, making it impossible for parents to know which  
2 games contain these mechanisms and which games do not; and  
3

4 WHEREAS, through regular online updates, game developers  
5 and publishers can insert variable reward loot boxes or  
6 gambling-like mechanisms into games at any time often without  
7 meaningful player or parental knowledge; and  
8

9 WHEREAS, hiding the odds of winning is not permitted at any  
10 casino, yet there is currently no legal requirement for digital  
11 game developers and publishers to disclose to consumers the odds  
12 of winning any rewards within variable reward loot boxes and  
13 gambling-like mechanisms, and it has already been discovered  
14 that in some games the odds of winning particular items  
15 frequently advertised to consumers were deceptively just  
16 fractions of a single percent; and  
17

18 WHEREAS, in 2017 game developers filed patents to further  
19 expand predatory game designs by raising or lowering the odds of  
20 winning items within variable reward loot boxes and gambling  
21 mechanisms to match the likelihood that specific players  
22 continue to spend money, potentially lowering the odds of  
23 winning valuable items to players identified as likely to  
24 continue purchasing chances to win; and  
25

26 WHEREAS, seeing opportunity to further compel in-game  
27 purchases, game developers have begun designing games to  
28 increase difficulty, increase the time required to achieve in-  
29 game objectives, and increasingly stack players of mismatched  
30 strength against one another in multiplayer games to encourage  
31 greater numbers of consumers to purchase variable reward loot  
32 boxes and gambling-like mechanisms to win items that would more  
33 easily enable successful play; and  
34

35 WHEREAS, the American Psychological Association has  
36 identified "internet gaming disorder" in the Diagnostic and  
37 Statistical Manual of Mental Disorders as an emerging diagnosis  
38 that warrants further study; and  
39

40 WHEREAS, the World Health Organization has identified  
41 "gaming disorder" alongside gambling as a pattern of gaming  
42 behavior that appreciably increases the risk of harmful physical



1 or mental health, and included "hazardous gaming" as a threat to  
2 public health in the latest draft of its International  
3 Compendium of Diseases; and

4  
5 WHEREAS, with no legal requirements for disclosure,  
6 transparency, or basic protection against predatory and  
7 exploitive practices, countless families, individuals, and  
8 particularly vulnerable youth have been harmed by exposure to  
9 predatory variable reward loot boxes and gambling-like  
10 mechanisms now included in many digital games; and

11  
12 WHEREAS, the gaming industry has refused to acknowledge or  
13 meaningfully address the negative impacts that variable reward  
14 loot boxes and gambling-like mechanisms are now having on  
15 countless American families; and

16  
17 WHEREAS, the Entertainment Software Association is a  
18 private organization whose mission is to serve the business  
19 interests and public relations of companies that publish digital  
20 games; and

21  
22 WHEREAS, the Entertainment Software Association established  
23 the Entertainment Software Rating Board in 1994 to serve as a  
24 self-regulatory body that assigns age and content ratings and  
25 adds labels to video games and applications so that parents can  
26 make informed choices about their purchases; and

27  
28 WHEREAS, neither the ratings nor age restrictions on  
29 purchase employed by the Entertainment Software Association  
30 meaningfully address predatory variable reward loot boxes and  
31 gambling-like mechanisms that in recent years have begun to be  
32 used in video games and applications; and

33  
34 WHEREAS, the lack of a meaningful response by the  
35 Entertainment Software Ratings Board to the countless American  
36 families and children being harmed by exposure to variable  
37 reward loot boxes and gambling-like mechanisms invalidates the  
38 credibility of ratings issued by this board and any trust  
39 families may place in it; and

40  
41 WHEREAS, without significant changes to the current rating  
42 and labeling system administered by the Entertainment Software



1 Rating Board, no meaningful protections currently exist to  
2 shield the general public, and in particular, vulnerable youth,  
3 from exploitation by predatory variable reward loot boxes and  
4 gambling-like mechanisms in digital games that are now  
5 aggressively marketed to consumers of all ages on personal  
6 computers, gaming consoles, and mobile phones; now, therefore,

7  
8 BE IT RESOLVED by the House of Representatives of the  
9 Twenty-ninth Legislature of the State of Hawaii, Regular Session  
10 of 2018, the Senate concurring, that game developers and  
11 publishers are respectfully called upon to cease predatory  
12 practices which exploit consumers through loot boxes and  
13 gambling-like mechanisms in digital games and game content; and  
14

15 BE IT FURTHER RESOLVED that the Entertainment Software  
16 Ratings Board should, at a minimum, rate all games which contain  
17 in-game purchases of content through variable reward loot boxes  
18 or gambling-like mechanisms as adult only; and  
19

20 BE IT FURTHER RESOLVED that the Entertainment Software  
21 Ratings Board should require a disclosure label, separate and  
22 distinct from any other label for in-game purchases so as not to  
23 hide the inclusion of variable reward loot boxes and gambling-  
24 like mechanisms, on all games which contain in game purchases of  
25 content through variable reward loot boxes and gambling like  
26 mechanics, to inform consumers and parents specifically  
27 concerned about the psychological, addictive, and financial  
28 risks of those mechanisms; and  
29

30 BE IT FURTHER RESOLVED that the Entertainment Software  
31 Ratings Board should require the disclosure of the odds of  
32 winning any and all items contained within variable reward loot  
33 boxes and gambling like mechanisms to consumers at the time of  
34 purchase and activation of those variable reward mechanisms so  
35 as to meaningfully inform consumers prior to purchase; and  
36

37 BE IT FURTHER RESOLVED that certified copies of this  
38 Concurrent Resolution be transmitted to the Governor, the  
39 Director of Commerce and Consumer Affairs, the Director of  
40 Health, the members of the Hawaii congressional delegation, the



# H.C.R. NO. 245

1 President of the Entertainment Software Rating Board, and the  
2 President of the Entertainment Software Association.  
3  
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OFFERED BY: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'Cler', written over a horizontal line.

MAR 09 2018

