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# A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

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

1           SECTION 1. The legislature finds that according to a 2011  
2 study, ninety-one per cent of children aged two through  
3 seventeen played video games. Games and game content are now  
4 easily accessible and may be purchased at the touch of a button  
5 through smart phones, gaming consoles, or personal computers, or  
6 by minors with cash or through gift card purchases.

7           In recent years, video game publishers have begun to employ  
8 predatory mechanisms designed to exploit human psychology to  
9 compel players to keep spending money in the same way that  
10 casino games are designed. These mechanisms allow players to  
11 purchase chances at winning rewards within games, similar to a  
12 slot machine. One common variety of this type of predatory  
13 mechanism, known as a loot box, can present the same  
14 psychological, addictive, and financial risks as gambling. The  
15 legislature notes that there are even online marketplaces where  
16 players can buy and sell digital items won from loot boxes and



1 other gambling-like mechanisms in many games, enabling players  
2 to effectively cash out their winnings.

3       The legislature further finds that the American Psychiatric  
4 Association has incorporated diagnostic criteria for internet  
5 gaming disorder as a condition warranting more clinical research  
6 and experience, in order to feature this diagnosis in future  
7 versions of the Diagnostic and Statistical Manual for Mental  
8 Disorders. The World Health Organization has defined gaming  
9 disorder, characterized by a pattern of persistent or recurrent  
10 gaming behavior, and plans to add this disorder to the latest  
11 version of its list of diseases and mental health conditions,  
12 the International Classification of Diseases. Mental health  
13 experts have raised particular concern about the exposure of  
14 youth and young adults to gambling-like mechanisms, which can  
15 affect cognitive development and lead to addiction, and to which  
16 youth and young adults are particularly vulnerable.

17       There is currently no age restriction on games that include  
18 loot boxes and other exploitive gambling-like mechanisms, and  
19 the legislature notes that games featuring these mechanisms are  
20 often marketed to youth. Furthermore, there are no disclosure  
21 requirements that these types of games may contain predatory,



1 potentially harmful loot boxes and gambling-like mechanisms.  
2 The legislature also notes that game publishers can insert  
3 gambling-like mechanisms into games at any time via game  
4 updates, without prior player or parental knowledge.

5       Compared to casinos, games rarely disclose the odds of  
6 winning items of value in loot boxes or in-game gambling-like  
7 mechanisms. Video games also lack gaming commissions to ensure  
8 players are being treated fairly and not being exploited by  
9 gambling-like mechanisms that do not pay out as advertised.  
10 Furthermore, game publishers have already begun to develop  
11 algorithms that are far more exploitive than casino games and  
12 can change the odds of winning valuable items in real time,  
13 based on a player's reactions and likelihood of continued  
14 spending.

15       The legislature additionally finds that no meaningful  
16 protections exist to prevent consumers, particularly vulnerable  
17 youth, from being exploited by predatory video game mechanisms  
18 that are aggressively marketed on smart phones, gaming consoles,  
19 and personal computers. Unlike traditional card games or other  
20 games of chance, the ubiquitous reach of video games, which  
21 require active, lengthy participation and exposure to the



1 psychological manipulation techniques of exploitive loot boxes  
2 and gambling-like mechanisms, presents potentially harmful risks  
3 to the financial well-being and mental health of individuals,  
4 especially vulnerable youth and young adults.

5 Accordingly, the purpose of this Act is to prohibit the  
6 sale of video games that contain a system of further purchasing,  
7 including a randomized reward or a virtual item that can be  
8 redeemed to directly or indirectly receive a randomized reward,  
9 to consumers under twenty-one years of age.

10 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is  
11 amended by adding a new section to be appropriately designated  
12 and to read as follows:

13 "§481B- Video games; restrictions. (a) It shall be  
14 unlawful for any retailer to sell to any person under twenty-one  
15 years of age a video game that contains a system of further  
16 purchasing that includes:

17 (1) A randomized reward; or  
18 (2) A virtual item that can be redeemed to directly or  
19 indirectly receive a randomized reward.

20 (b) For purposes of this section:



1       "Randomized reward" means a reward in a video game that is  
2 based on a variable ratio schedule, wherein a player receives a  
3 reward after a random number of actions.

4       "Retailer" means any person who offers video games for  
5 sale, including resale by the purchaser, through any means,  
6 including sales outlets, catalogs, or the Internet.

7       "Video game" means an object or device that stores recorded  
8 data or instructions, receives data or instructions generated by  
9 a person who uses it, and, by processing the data or  
10 instructions, creates an interactive game capable of being  
11 played, viewed, or experienced on or through a computer, gaming  
12 system, console, or other technology."

13       SECTION 3. New statutory material is underscored.

14       SECTION 4. This Act shall take effect upon its approval.

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**Report Title:**

Video Games; Prohibition; In-game Purchases; Randomized Reward

**Description:**

Prohibits the sale of video games that contain a system of further purchasing to consumers under 21 years of age. (SD1)

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