

Honolulu, Hawaii

APR 05 2018

RE: H.B. No. 1621  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred H.B. No. 1621, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit a merchant from adopting a warranty policy that requires a customer to pay an additional fee to obtain a repair, replacement, or refund for goods returned pursuant to the warranty.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received testimony in opposition to this measure from the Retail Merchants of Hawaii.

Your Committee finds that many merchants have return policies that impose processing or administrative fees on consumers to effectuate a warranty claim on damaged or defective goods. Your Committee further finds that a consumer who purchases a damaged or defective product should be able to return it for repair, replacement, or refund without having to bear additional costs. This measure therefore prevents a merchant from adopting a warranty policy that requires a customer to pay an additional fee to obtain a repair, replacement, or refund on returned goods. However, your Committee notes that because warranty policies are



different than return policies, a clarifying amendment to this measure is needed.

Your Committee additionally finds that consumers are often confused or misled by offers a franchise makes in national advertising campaigns. Furthermore, while an advertisement may state that an offer is not available in Hawaii, this disclosure is often in tiny print and does not sufficiently inform consumers that the offer is unavailable. Amendments to this measure are therefore necessary to ensure that consumers are sufficiently aware when an offer under a franchise's advertising campaign is not available in Hawaii.

Your Committee has amended this measure by:

- (1) Clarifying that a merchant is prohibited from charging a purchaser any fee, including a processing fee or an administrative fee, to repair, replace, or refund damaged or defective goods;
- (2) Requiring franchisees to disclose their non-participation in advertising campaigns of the franchise in which discounts or promotions are offered;
- (3) Specifying that franchisors are prohibited from limiting or restricting the disclosures related to non-participation in an advertising campaign; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1621, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1621, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Health,



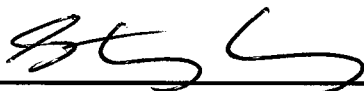
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ROSALYN H. BAKER, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:* <div style="text-align: center; font-family: cursive;">HB 1621 HD1</div>	Committee Referral: <div style="text-align: center; font-family: cursive;">CPH</div>	Date: <div style="text-align: center; font-family: cursive;">3/22/18</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div><input type="checkbox"/> Pass, unamended 2312</div> <div><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div><input type="checkbox"/> Hold 2310</div> <div><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TOKUDA, Jill N. (VC)				✓
CHANG, Stanley	✓			
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
NISHIHARA, Clarence K.				✓
RUDERMAN, Russell E.	✓			
<b>TOTAL</b>	5			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.5em;">  </div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes