Honolulu, Hawaii

APR 0 4 2019

RE: H.B. No. 761
       H.D. 2
       S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

    Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 761, H.D. 2, 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 specify that
retailers may provide proof of purchase in electronic form to a
member of a frequent shopper program, unless the member requests
the proof of purchase in paper form.

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

    Your Committee finds that frequent shopper programs reward
customers for purchases made on multiple visits and offer points
that can be accumulated to entitle program members to reduced
prices, free items, and other incentives. Customers join a
retailer's rewards or frequent shopper program by providing
personal information at the point of sale or on the retailer's
mobile application. Many retailers now offer their program
members the option of receiving receipts electronically by
electronic mail or text message. This measure would enable

businesses to provide proof of purchase to a member of a frequent shopper program only in electronic form, unless the member requests that the proof of purchase be provided in paper form.

Your Committee notes the testimony raising certain privacy concerns as customers who provide retailers with their personal information may benefit from the convenience of receiving electronic receipts but may also be at risk of having their personal information compromised by third parties.

Accordingly, your Committee has amended this measure by:

(1)   Clarifying that providing proof of purchase in electronic form is permissive rather than mandatory;

(2)   Requiring retailers that offer electronic proof of purchase to frequent shopper program members to develop, implement, and maintain reasonable safeguards to protect the members' personal information;

(3)   Inserting an effective date of July 1, 2019; 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. 761, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 761, H.D. 2, 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,

ROSALYN H. BAKER, Chair

The Senate
Thirtieth Legislature
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:
HB 761, HD2	CPH	3/12/19

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:_____

The Recommendation is:

☐ Pass, unamended
2312

☑ Pass, with amendments
2311

☐ Hold
2310

☐ Recommit
2313

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOLE, Jarrett	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.			✓	
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
TOTAL	5		1	1

Recommendation:

☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature:

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*Only <u>one</u> measure per Record of Votes