

STAND. COM. REP. NO. 670

Honolulu, Hawaii

MAR 04 2021

RE: S.B. No. 562
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 562, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO DECEPTIVE TRADE PRACTICES,"

begs leave to report as follows:

The purpose and intent of this measure is to establish that charging shipping and delivery charges that exceed the actual cost to ship or deliver a commodity to a consumer in Hawaii constitutes an unfair and deceptive practice.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs' Office of Consumer Protection and two individuals.

Your Committee finds that many companies offer free or reduced rate shipping to consumers in the United States, but for many consumers in Hawaii, these companies will refuse to honor these offers once a Hawaii zip code is entered. Your Committee further finds that, since it is likely that shipping goods to Hawaii costs more than shipping to other states, it may be unreasonable to require mainland companies to apply the same free or reduced rates that it offers to mainland consumers, and it would require a merchant to absorb an additional cost to ship to Hawaii consumers. However, your Committee finds that the assessment of any arbitrary fees or costs, in addition to the



actual costs to ship goods to Hawaii consumers, is unreasonable and should be regulated.

Your Committee notes that, in practice, shipping prices to Hawaii are often artificially elevated. Your Committee considers this practice to be a deceptive and unfair practice.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 562, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



