

STAND. COM. REP. NO.

667

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 985
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 985 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:

- (1) Establish a new gift card fraud law, under the scope of the unfair and deceptive practices law, which requires merchants and third-party gift card resellers to take certain steps to prevent gift card scams;
- (2) Require the conspicuous provision of information regarding terms and conditions of gift certificates, regardless of whether the cards are sold in person, electronically, or telephonically; and
- (3) Extend the minimum redemption period for paper gift certificates from two years to four years.

Your Committee received testimony in support of this measure from AARP Hawai'i and eighteen individuals.

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 consumer protections are crucial for older or vulnerable adults who may be particularly susceptible to fraud and financial exploitation. The impact on victims and their families is wide-reaching and can be financially and emotionally devastating. Your Committee further finds that gift cards are frequently used as a payment method for fraud. According to the testimony of AARP Hawai'i, Hawaii was ranked twenty-sixth in the country for complaints per capita and thirteenth for losses per capita according to a 2023 FBI report, demonstrating the critical need to provide robust safeguards for Hawaii consumers. By establishing a new gift card fraud law, this measure will help ensure that merchants and third-party gift card resellers take necessary steps to prevent and detect fraud.

Your Committee notes the concerns raised in testimony that a more effective way to combat gift card fraud would be to aggressively pursue and hold violators accountable, and that without stronger criminal penalties and enforcement mechanisms, this measure will have a limited impact on actually deterring crime. Your Committee finds that this issue merits further consideration and respectfully requests your Committee on Judiciary to consider these concerns, should it choose to deliberate on this measure.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) 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 and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 985, S.D. 1, and be referred to your Committee on Judiciary.



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



JARRETT KEOHOKALOLE, Chair



