

JAN 23 2026

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 the majority of
2 merchants that sell cosmetics allow return of goods for refund
3 or exchange. However, a small but growing subset of merchants
4 that sell cosmetics refuse to accept returns of goods for
5 refunds or exchanges. Merchants that sell cosmetics and refuse
6 to accept return of goods for refund or exchange generate
7 frequent consumer complaints to the office of consumer
8 protection. Merchants that sell cosmetics that refuse to accept
9 returns also reportedly engage in high-pressure sales tactics
10 and reportedly target visitors from out of state. These
11 merchants may operate under the belief that visitors to the
12 State are not familiar with state consumer protection laws
13 requiring merchants to post conspicuous signage notifying
14 purchasers of one of the following limitations:

- 15 (1) Refunds only;
16 (2) Refunds or merchandise credit only;
17 (3) Exchanges or merchandise credit only; or



(4) No refunds, merchandise credits, or exchanges.

The legislature also finds that these merchants may believe that visitors to the State will be less likely to pursue legal remedies against a merchant for violation of consumer protection laws.

The legislature further finds that merchants that sell cosmetics and refuse to accept returns or exchanges cause widespread consumer dissatisfaction and harm to the business reputation of the State. Consumers who have made purchases from merchants that sell cosmetics have frequently reported a lack of visible signage indicating "no refunds" or "all sales final". Reasons for lack of visible signage include that there is none posted, it is too small to read, or transactions are completed in a location where signage is not visible.

The legislature further finds that consumer complaints reveal that merchants that sell cosmetics are currently selling costly LED light therapy devices to consumers with increasing frequency. Merchants that sell cosmetics advertise the LED light therapy devices for various cosmetic purposes, including acne treatment, skin rejuvenation, collagen production stimulation, and cutaneous wound healing. These LED light



1 therapy devices are reportedly sold for thousands, tens of
2 thousands, or in some instances hundreds of thousands of
3 dollars. Consumers have commonly reported learning only after
4 the purchase is made that no returns are allowed. These
5 consumers suffer significant financial harm when a merchant
6 refuses to accept a return of goods in these situations.

7 Accordingly, the purpose of this Act is to ensure
8 transparency, accountability, and fair treatment for consumers
9 who purchase cosmetics by:

- 10 (1) Defining the term "cosmetics";
- 11 (2) Clarifying conspicuous signage requirements;
- 12 (3) Requiring merchants that sell cosmetics to accept
13 returns of new or unopened goods within specified
14 timeframes; and
- 15 (4) Beginning January 1, 2027, requiring merchants that
16 sell cosmetics and receive three or more warning
17 letters from the office of consumer protection for
18 failing to post conspicuous signage to post storewide
19 return and refund policy signage.



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

"§481B- Returns and refunds; mandatory signage; office of consumer protection. Any merchant that sells cosmetics and receives three or more warning letters from the office of consumer protection for failing to post a conspicuous sign as required by section 481B-5.5 shall post return and refund policy signs visible at the entrance of the store, and up to five additional signs throughout the store, ensuring that no fewer than one sign is visible from each point of sale. The signs shall be distributed to the merchant by the office of consumer protection at no charge to the merchant. Each sign shall be not less than twenty inches in height and thirty inches in length; have a yellow background with black letters and numbers not less than three inches in height, and contain the following language:

"Refunds accepted within 30 days of purchase. Between 30 and 60 days of purchase, the merchant may choose whether to provide a refund, merchandise credit, or exchange. No returns accepted after 60 days."



1 The merchant shall be reminded of this signage requirement in
2 each warning letter issued by the office of consumer
3 protection."

4 SECTION 3. Section 481B-5.5, Hawaii Revised Statutes, is
5 amended to read as follows:

6 **"§481B-5.5 Returns for refunds, merchandise credits, and**
7 **exchanges.** (a) As used in this section, unless the context
8 otherwise requires:

9 "Ancillary charges" includes all charges paid to the
10 merchant that are necessary for the use of the goods for their
11 purchased purpose and all sums paid for agreements for service,
12 warranty, or replacement.

13 "Conspicuous sign" means a sign posted in the merchant's
14 place of business in a [~~location reasonably calculated to bring~~
15 ~~the sign to the attention of~~] manner designed to ensure that it
16 is noticed by purchasers before a purchaser makes a purchase[-],
17 written in boldface type with a minimum font size of fourteen
18 point, which may be included:

19 (1) On a sign attached to the item itself;

20 (2) On a sign affixed to each cash register or point of
21 sale;



(3) On a sign so situated as to be clearly visible to the purchaser from the cash register, payment terminal, or digital device used to process sales and issue receipts to purchaser; or

(4) On a sign posted at each store entrance used by the public;

provided that the language included in the conspicuous signage shall also be disclosed on the merchant's website, if applicable.

"Cosmetics" includes all articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance. Examples of cosmetics include but are not limited to skin moisturizers, perfumes, lipsticks, fingernail polishes, makeup, cleansing shampoos, permanent waves, hair colors, deodorants, and LED light therapy devices, as well as any substance intended for use as a component of a cosmetic product.

"Exchange" means a transaction between a merchant and a purchaser in which a previously purchased item is exchanged for another item.



1 "Full amount of the payment" includes the amount paid for
2 the returned goods, including any ancillary charges or taxes
3 incident to the purchase of the returned goods, and without any
4 deduction for restocking of the merchant's inventory, or for
5 administration of the refund, exchange, or merchandise credit.

6 "LED light therapy device" includes any instrument that
7 employs light-emitting diodes to produce wavelengths on the
8 visible light or infrared spectrums for various cosmetic
9 purposes, including acne treatment, skin rejuvenation, collagen
10 production stimulation, and cutaneous wound healing.

11 "Merchandise credit" means the crediting to the purchaser
12 of the full amount of the payment upon return of the goods and
13 allowing the purchaser to purchase goods from the merchant with
14 the merchandise credit, or applying to the purchaser's credit
15 account with the merchant, in the amount of the merchandise
16 credit.

17 "Merchant" means any person engaged in the business of
18 offering goods for sale to purchasers at retail.

19 "Point of sale" means the location or system where a retail
20 transaction is completed, involves the exchange of goods or
21 services for payment, and typically includes equipment such as



1 cash registers, payment terminals, and digital devices used to
2 process sales and issue receipts to customers.

3 "Proof of purchase" means a sales slip, receipt, credit
4 card slip, or any other documentation that substantiates the
5 sale of the goods from the merchant and the amount of payment.

6 "Purchaser" means a natural person who is returning goods
7 that were purchased or received primarily for personal, family,
8 or household purposes.

9 "Refund" means the return to the purchaser of the full
10 amount of the payment upon return of the goods, in accordance
11 with this section.

12 "Repacking and transportation charges" means the charges
13 for repacking, pick up, and transportation of goods previously
14 delivered, unpacked, and set up by the merchant at the direction
15 of the purchaser.

16 "Return" or "return of goods" means the acceptance by the
17 merchant of goods from a purchaser, whether for refund,
18 merchandise credit, or exchange, and includes the cancellation
19 of a custom or special order before the merchant is obligated to
20 make payment on the order and the cancellation of a layaway.



(b) Except as provided in this section, all merchants shall accept the return of goods for refund, merchandise credit, or exchange, giving purchasers rights that are no less than those provided in this section. ~~[The]~~ If not subject to subsection (c), the merchant may:

(1) Choose one of the following policies by posting a conspicuous sign notifying purchasers of any one of the following limitations:

(A) Refunds only;

(B) Refunds or merchandise credit only;

(C) Exchanges or merchandise credit only; or

(D) No refunds, merchandise credits, or exchanges;

and

(2) Place specific limitations on the policy adopted by posting a conspicuous sign notifying the purchasers of any limitations allowed by subsections ~~[(e), (d), (e), and (f)].~~ (e), (f), (g), and (h).

(c) Notwithstanding subsection (b) to the contrary, all merchants that sell cosmetics shall accept the return of goods for refund, merchandise credit, and exchange, giving purchasers



1 rights that are not less than those provided in this section. A
2 merchant that sells cosmetics shall:

3 (1) Provide the purchaser with a receipt of goods
4 purchased either by hard copy, email, or text message;

5 (2) Provide refunds for returns of new or unopened
6 cosmetics made within thirty days of the original
7 purchase date; and

8 (3) Provide merchandise credits or exchanges for returns
9 of new or unopened cosmetics made between thirty-one
10 and sixty days after the original purchase date;

11 provided that any attempt by a purchaser to return goods to a
12 merchant that sells cosmetics, made within the time prescribed
13 by this subsection, shall preserve the purchaser's right to
14 relief under this section. The purchaser's rights under this
15 section shall be cumulative to the remedies or penalties
16 available under all other laws of the State.

17 (d) Subsection (c) shall not apply to merchants that sell
18 cosmetics if the merchants have:

19 (1) A Class 4 retail dealer liquor license granted by the
20 liquor commission pursuant to section 281-31(e); or



1 (2) A pharmacy on their premises, permitted by the board
2 of pharmacy pursuant to section 461-14.

3 [~~(e)~~] (e) Any merchant not subject to subsection (c) who
4 does not accept the return of goods shall post conspicuous signs
5 bearing the words "All sales final", or "No returns for refunds,
6 merchandise credits, or exchanges", or words or phrases of
7 similar import, to inform customers that no return of goods
8 shall be accepted.

9 [~~(d)~~] (f) Any merchant not subject to subsection (c) who
10 limits the period during which goods may be returned to less
11 than sixty days after the date of purchase or delivery shall
12 post conspicuous signs informing purchasers of the limitation of
13 the period during which the return of goods shall be accepted.

14 [~~(e)~~] (g) Any merchant who excludes a certain category or
15 type of goods from its return policy shall post one or more
16 conspicuous signs identifying that type of goods.

17 [~~(f)~~] (h) Any merchant who excludes custom or specially
18 ordered goods from its return policy shall post conspicuous
19 signs, or otherwise notify the purchaser, with the purchaser's
20 written acknowledgment, of the return policy. For custom or
21 specially ordered goods, the policy may allow the merchant to



1 accept the return of the goods and to charge the purchaser for
2 the cost of shipping if the charge is disclosed prior to the
3 purchase.

4 ~~[(g)]~~ (i) Any person engaged in the business of offering
5 goods for sale at retail who fails to post a conspicuous sign as
6 required by this section shall accept the return of goods from
7 purchasers and make refunds in accordance with subsection ~~[(h)]~~.
8 (k).

9 ~~[(h)]~~ (j) All merchants, including merchants that sell
10 cosmetics, except as provided in subsection ~~[(e)]~~ (e), shall
11 handle returns for refunds in the following manner:

12 (1) If payment was made in cash, the refund shall be made
13 in cash at the time of the return of goods, except
14 that if the amount to be returned exceeds \$25, cash
15 refunds may be made by check issued within ten days of
16 the date of the return;

17 (2) If payment was made by check, the refund shall be made
18 in cash upon acceptance of the returned goods by the
19 merchant, or by check issued within ten days of the
20 acceptance of the returned goods by the merchant,
21 except that if the purchaser's check has not cleared



1 the bank on which it was drawn, the refund may be
2 delayed for no more than ten days after the date the
3 purchaser's check has cleared; provided that the
4 merchant shall have complied with this provision if
5 the check is mailed to the purchaser at the address
6 provided by the purchaser within the ten-day period;

7 (3) If payment was made by credit card, the refund shall
8 be made by credit to the purchaser's credit card
9 account; provided that the merchant shall initiate the
10 submittal of the charge card credit memo or other
11 appropriate documentation to the merchant's financial
12 institution within five banking business days after
13 the return of goods or, at the merchant's option, the
14 refund may be made in cash at the time of the return
15 of the goods or by check issued and mailed within ten
16 days of the acceptance of the returned goods; or

17 (4) If payment was made by charging a credit account
18 administered by the merchant, the refund shall be made
19 by credit to the purchaser's credit account initiated
20 at the time of the return of the goods.



1 ~~[(i)]~~ (k) All merchants, except as provided in subsection
2 ~~[(e)],~~ (e), shall handle returns for merchandise credit in the
3 following manner:

4 (1) If the purchaser does not select goods in exchange for
5 the returned goods within thirty days of the return,
6 the merchant shall make a full refund to the purchaser
7 in cash or in accordance with subsection ~~[(h)],~~ (j).

8 The merchant shall not be required to return cash in
9 exchange for a merchandise credit issued pursuant to
10 this paragraph if the merchant posts a conspicuous
11 sign to notify purchasers that the merchandise credit
12 cannot be turned into cash;

13 (2) The merchandise credit shall be valid for a minimum of
14 two years; and

15 (3) Before exchanging the merchandise credit for cash or,
16 in the case of a purchaser selecting goods in exchange
17 costing less than the amount of the merchandise
18 credit, refunding the difference in cash, the merchant
19 may require proof of purchase and require the
20 surrender of the credit memo.



1 ~~[(j)]~~ (1) All merchants, except as provided in subsection
2 ~~[(e)]~~ (e), shall handle returns for exchanges in the following
3 manner:

4 (1) If the exchange involves an exchange for only size or
5 color, the exchange shall be made without regard to
6 the full amount of payment; provided that the merchant
7 may make an appropriate adjustment if the differing
8 size or color normally sells at a different price; and

9 (2) If the exchange does not involve an exchange for only
10 size or color, then if the full amount of the payment
11 for the goods received in exchange is less than the
12 full amount of the payment for the returned goods, the
13 merchant shall issue a refund or merchandise credit in
14 the amount of the difference.

15 ~~[(k)]~~ (m) In determining the full amount of the payment
16 for returns for reasons other than damaged or defective goods, a
17 deduction for repacking and transportation charges may be made
18 from the full amount of the payment, if the deduction is
19 disclosed to the purchaser prior to the purchase.

20 ~~[(l)]~~ (n) Any return policies adopted by the merchant
21 pursuant to this section that limits the purchaser's ability to



1 obtain a refund shall not apply if the goods were damaged or
2 defective prior to the time of sale, unless the merchant was
3 aware of the damage or defect and notified the purchaser of the
4 damage or defect in writing prior to the time of sale. No
5 warranty policy adopted by a merchant in the State shall require
6 a purchaser to pay an additional fee to obtain a repair,
7 replacement, or refund for goods returned pursuant to the
8 warranty.

9 As used in this subsection, "merchant in the State" means a
10 merchant that:

11 (1) Is created under the laws of the State, including but
12 not limited to chapters 414, 414D, 415A, 425, 425E, or
13 428;

14 (2) Is authorized to transact business in the State; and

15 (3) Possesses a current, unexpired State of Hawaii general
16 excise tax license.

17 [~~m~~] (o) A merchant is not required to accept a return
18 if:

19 (1) There is no proof of purchase, by sales slips,
20 receipts, or other evidence of purchase of the goods
21 returned;



(2) The purchaser has retained the goods in excess of sixty days after the purchase;

(3) The goods have been used or damaged after sale, or altered by the purchaser at the time of or after the sale; or

(4) The goods are of a type which are unsuitable for resale, pursuant to any applicable law~~[-]~~; provided that, in the event of a conflict between this subsection and subsection (c), subsection (c) shall control.

~~[(n)]~~ (p) The following constitute unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce under section 480-2:

(1) Any violation of this section; and

(2) Any act or policy that causes a compromise of the purchaser's rights and protections established by this section."

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2026-2027 for the office of consumer protection to purchase and distribute the



1 return and refund policy signs referenced in section 2 of this
2 Act.

3 The sum appropriated shall be expended by the department of
4 commerce and consumer affairs for the purposes of this Act.

5 SECTION 5. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 6. This Act shall take effect on July 1, 2026;
8 provided that section 2 of this Act shall take effect on July 1,
9 2027.

10

INTRODUCED BY: _____

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S.B. NO. 2956

Report Title:

OCP; Consumer Protection; Cosmetics Sales; Refunds, Returns and Exchanges; Conspicuous Signage; Appropriation

Description:

Defines the term "cosmetics". Requires all merchants that sell cosmetics to accept returns of new or unopened goods within specified time frames. Exempts certain merchants that sell cosmetics. Clarifies the definition of "conspicuous sign". Beginning 1/1/2027, requires a merchant that sells cosmetics and receives three or more warning letters from the Office of Consumer Protection for failing to post a conspicuous sign to post return and refund policy signs printed and distributed by the Office of Consumer Protection. Appropriates funds.

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