STAND. COM. REP. NO. 3026

Honolulu, Hawaii

MAR 0 6 2026

RE: S.B. No. 2797
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2797, S.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:

(1) Establish a new gift card fraud law, under the scope of 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 Office of Consumer Protection to create model notices and issue certain guidelines;

(3) 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;

(4) Extend the minimum redemption period for paper gift certificates from two to four years; and

(5) Establish penalties.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, AARP Hawaii, Hawaii Food Industry Association, and Chamber of Commerce Hawaii.

Your Committee finds that the State has seen a significant rise in gift-card draining, where scammers steal cards from store displays, record card and personal identification numbers from the cards, then return the cards to the shelves. Once the cards are purchased and activated by unsuspecting consumers, the scammers immediately drain the card value. Your Committee further finds that this trend has increased after the COVID 2019 pandemic and has contributed to substantial financial losses for the State's residents. This measure will protect the State's consumers from preventable financial harm by updating existing law, improving transparency, and requiring more consistent safeguards from sellers.

Your Committee notes that the offense of theft in the second degree, established by section 708-831, Hawaii Revised Statutes, is a class C felony and has a minimum threshold for stolen property or services that exceed $750 in value. Your Committee believes that the offense of fraudulent use of a gift card established by this measure is similar to theft in the second degree and should therefore have a similar threshold to elevate the offense from a misdemeanor to a class C felony.

Accordingly, your Committee has amended this measure by:

(1) Increasing the minimum value of all money, goods, services, and other things of value obtained or attempted to be obtained in a six-month period from $300 to $750 for the offense of fraudulent use of a gift card to be a class C felony; 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 Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2797, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2797, S.D. 2.

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

KARL RHOADS, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2797 SD1	CPN, JDC	3/3/26

☐ 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
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
CHANG, Stanley	✓			
SAN BUENAVENTURA, Joy A.	✓			
AWA, Brenton	✓			
TOTAL	5	—	—	—

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/02/26