
A BILL FOR AN ACT

RELATING TO DECEPTIVE PRACTICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that while most merchants
2 selling cosmetics accept returns or exchanges, a growing number
3 do not. This small subset of merchants has generated frequent
4 consumer complaints to the office of consumer protection within
5 the department of commerce and consumer affairs. These
6 merchants have reportedly used high-pressure sales tactics and
7 frequently target out-of-state visitors.

8 The legislature further finds that existing consumer
9 protection laws under section 481B-5.5, Hawaii Revised Statutes,
10 require merchants to post a conspicuous sign informing
11 purchasers of any return or refund limitations. However, some
12 merchants selling cosmetics operate under the belief that
13 visitors are unfamiliar with these requirements and unlikely to
14 pursue legal remedies for violations. Consumers also report
15 that signs stating "no refunds" or "all sales final" are often
16 missing, too small to read, or not visible at the location where
17 the transaction is completed. Recent complaints also show an



1 increase in merchants selling costly LED light therapy devices,
2 often for thousands or even hundreds of thousands of dollars,
3 purported to provide cosmetic benefits, such as acne treatment,
4 skin rejuvenation, collagen stimulation, or wound healing.
5 Consumers commonly learn only after purchase that returns are
6 not permitted, resulting in significant financial harm.
7 Therefore, the legislature finds that greater transparency,
8 accountability, and consumer protections are necessary for
9 transactions involving cosmetics.

10 The purpose of this Act is to:

- 11 (1) Require merchants that sell cosmetics to accept
12 returns of new or unopened goods within specified
13 timeframes;
- 14 (2) Clarify the definition of a "conspicuous sign"; and
- 15 (3) Require a merchant that sells cosmetics and receives
16 three or more warning letters from the office of
17 consumer protection for failing to post a conspicuous
18 sign to post a return and refund policy sign.

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



1 "§481B- Cosmetics; returns and refunds; mandatory
 2 signage; office of consumer protection. (a) Any merchant that
 3 sells cosmetics and receives three or more warning letters from
 4 the office of consumer protection for failing to post a
 5 conspicuous sign as required by section 481B-5.5 shall:

- 6 (1) Post visible return and refund policy signs at the
 7 entrance of the store, and up to five additional signs
 8 throughout the store; and
- 9 (2) Ensure that no fewer than one sign is visible from
 10 each point of sale.

11 (b) The signs shall be distributed to the merchant by the
 12 office of consumer protection at no charge to the merchant.

13 Each sign shall:

- 14 (1) Be no less than twenty inches in height and thirty
 15 inches in length;
- 16 (2) Have a yellow background with black letters and
 17 numbers no less than three inches in height; and
- 18 (3) Contain the following language, "Refunds accepted
 19 within 30 days of purchase. Between 30 and 60 days of
 20 purchase, the merchant may choose whether to provide a



1 refund, merchandise credit, or exchange. No returns
2 accepted after 60 days."

3 (c) The merchant shall be reminded of the signage
4 requirement in this section in each warning letter issued by the
5 office of consumer protection."

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

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

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

15 "Conspicuous sign" means a sign posted in the merchant's
16 place of business in a [~~location reasonably calculated to bring~~
17 ~~the sign to the attention of~~] manner designed to ensure that it
18 is noticed by purchasers before a purchaser makes a purchase.

19 "Conspicuous sign" includes a written disclosure on the
20 merchant's website and a sign with a boldface type of a minimum
21 size of fourteen point:



- 1 (1) Attached to the item itself;
- 2 (2) Affixed to each cash register or point of sale;
- 3 (3) Situated to be clearly visible to the buyer from the
4 cash register, payment terminal, or digital device
5 used to process sales and issue receipts to the
6 purchaser; and
- 7 (4) Posted at each store entrance used by the public.

8 "Cosmetics" means all articles intended to be rubbed,
9 poured, sprinkled, or sprayed on, introduced into, or otherwise
10 applied to the human body or any part thereof for cleansing,
11 beautifying, promoting attractiveness, or altering the
12 appearance. "Cosmetics" includes but is not limited to skin
13 moisturizers, perfumes, lipsticks, nail polishes, makeup,
14 cleansing shampoos, permanent waves, hair colors, deodorants,
15 and LED light therapy devices, as well as any substance intended
16 for use as a component of a cosmetic product.

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

20 "Full amount of the payment" includes the amount paid for
21 the returned goods, including any ancillary charges or taxes



1 incident to the purchase of the returned goods, and without any
2 deduction for restocking of the merchant's inventory, or for
3 administration of the refund, exchange, or merchandise credit.

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

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

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

17 "Point of sale" means the location or system where a retail
18 transaction is completed that involves the exchange of goods or
19 services for payment. "Point of sale" includes equipment, such
20 as cash registers, payment terminals, and digital devices used
21 to process sales and issue receipts to customers.



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

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

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

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

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

19 (b) Except as provided in this section, all merchants
20 shall accept the return of goods for refund, merchandise credit,
21 or exchange, giving purchasers rights that are no less than



1 those provided in this section. ~~[The]~~ Except as provided in
2 subsection (c), the merchant may:

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

6 (A) Refunds only;

7 (B) Refunds or merchandise credit only;

8 (C) Exchanges or merchandise credit only; or

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

10 and

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

15 (c) All merchants that sell cosmetics shall accept the
16 return of goods for refund, merchandise credit, and exchange,
17 giving purchasers rights that are no less than those provided in
18 this section. A merchant that sells cosmetics shall:

19 (1) Provide the purchaser with a receipt of goods
20 purchased either by hard copy, electronic mail, or
21 text message;



1 (2) Provide refunds for returns of new or unopened
2 cosmetics made within thirty days of the original
3 purchase date; or

4 (3) Provide refunds, merchandise credits, or exchanges for
5 returns of new or unopened cosmetics made between
6 thirty and sixty days after the original purchase
7 date.

8 Any attempt by a purchaser to return goods to a merchant that
9 sells cosmetics, made within the time prescribed by this
10 subsection, shall preserve the purchaser's rights to relief
11 under this section. The purchaser's rights under this section
12 are cumulative to the remedies or penalties available under all
13 other laws of the State.

14 (d) Subsection (c) shall not apply to merchants that sell
15 cosmetics if the merchant has:

16 (1) A class 4 retail dealer license granted by a liquor
17 commission pursuant to section 281-31(e); or

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

20 ~~[-e)]~~ (e) Any merchant not subject to subsection (c) who
21 does not accept the return of goods shall post conspicuous signs



1 bearing the words "All sales final", or "No returns for refunds,
2 merchandise credits, or exchanges", or words or phrases of
3 similar import, to inform customers that no return of goods
4 shall be accepted.

5 ~~[(d)]~~ (f) Any merchant who limits the period during which
6 goods may be returned to less than sixty days after the date of
7 purchase or delivery shall post conspicuous signs informing
8 purchasers of the limitation of the period during which the
9 return of goods shall be accepted.

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

13 ~~[(f)]~~ (h) Any merchant who excludes custom or specially
14 ordered goods from its return policy shall post conspicuous
15 signs, or otherwise notify the purchaser, with the purchaser's
16 written acknowledgment, of the return policy. For custom or
17 specially ordered goods, the policy may allow the merchant to
18 accept the return of the goods and to charge the purchaser for
19 the cost of shipping if the charge is disclosed prior to the
20 purchase.



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

6 ~~[(h)]~~ (j) All merchants, except as provided in subsection
7 ~~[(e)]~~ (e), shall handle returns for refunds in the following
8 manner:

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

14 (2) If payment was made by check, the refund shall be made
15 in cash upon acceptance of the returned goods by the
16 merchant, or by check issued within ten days of the
17 acceptance of the returned goods by the merchant,
18 except that if the purchaser's check has not cleared
19 the bank on which it was drawn, the refund may be
20 delayed for no more than ten days after the date the
21 purchaser's check has cleared; provided that the



1 merchant shall have complied with this provision if
2 the check is mailed to the purchaser at the address
3 provided by the purchaser within the ten-day period;

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

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

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

- 1 (1) If the purchaser does not select goods in exchange for
2 the returned goods within thirty days of the return,
3 the merchant shall make a full refund to the purchaser
4 in cash or in accordance with subsection [~~(h)~~] (j).
5 The merchant shall not be required to return cash in
6 exchange for a merchandise credit issued pursuant to
7 this paragraph if the merchant posts a conspicuous
8 sign to notify purchasers that the merchandise credit
9 cannot be turned into cash;
- 10 (2) The merchandise credit shall be valid for a minimum of
11 two years; and
- 12 (3) Before exchanging the merchandise credit for cash or,
13 in the case of a purchaser selecting goods in exchange
14 costing less than the amount of the merchandise
15 credit, refunding the difference in cash, the merchant
16 may require proof of purchase and require the
17 surrender of the credit memo.
- 18 ~~[(j)]~~ (1) All merchants, except as provided in subsection
19 ~~[(e)]~~ (e), shall handle returns for exchanges in the following
20 manner:



- 1 (1) If the exchange involves an exchange for only size or
2 color, the exchange shall be made without regard to
3 the full amount of payment; provided that the merchant
4 may make an appropriate adjustment if the differing
5 size or color normally sells at a different price; and
- 6 (2) If the exchange does not involve an exchange for only
7 size or color, then if the full amount of the payment
8 for the goods received in exchange is less than the
9 full amount of the payment for the returned goods, the
10 merchant shall issue a refund or merchandise credit in
11 the amount of the difference.

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

17 [~~(l)~~] (n) Any return policies adopted by the merchant
18 pursuant to this section that limits the purchaser's ability to
19 obtain a refund shall not apply if the goods were damaged or
20 defective prior to the time of sale, unless the merchant was
21 aware of the damage or defect and notified the purchaser of the



1 damage or defect in writing prior to the time of sale. No
2 warranty policy adopted by a merchant in the State shall require
3 a purchaser to pay an additional fee to obtain a repair,
4 replacement, or refund for goods returned pursuant to the
5 warranty.

6 As used in this subsection, "merchant in the State" means a
7 merchant that:

- 8 (1) Is created under the laws of the State, including but
9 not limited to chapters 414, 414D, 415A, 425, 425E, or
10 428;
- 11 (2) Is authorized to transact business in the State; and
- 12 (3) Possesses a current, unexpired State of Hawaii general
13 excise tax license.

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

- 16 (1) There is no proof of purchase, by sales slips,
17 receipts, or other evidence of purchase of the goods
18 returned;
- 19 (2) The purchaser has retained the goods in excess of
20 sixty days after the purchase;



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

4 (4) The goods are of a type which are unsuitable for
5 resale, pursuant to any applicable law.

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

9 (1) Any violation of this section; and

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

13 SECTION 4. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so
15 much thereof as may be necessary for fiscal year 2026-2027 for
16 the office of consumer protection to obtain return and refund
17 policy signs as required by this Act.

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

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



1 SECTION 6. This Act shall take effect on July 1, 3000;
2 provided that section 2 shall take effect on July 1, 2027.



Report Title:

DCCA; Unfair and Deceptive Practices; Cosmetics; Returns and Refunds; Appropriation

Description:

Requires merchants that sell cosmetics to accept returns of new or unopened goods within specified timeframes. Clarifies the definition of "conspicuous sign" and expands required placement of return and refund policy signage. Beginning 7/1/2027, requires merchants that receive three or more warning letters from the Office of Consumer Protection for failure to post required signage to display standardized return and refund policy signs provided by the Office. Establishes exemptions for certain merchants. Appropriates funds. Effective 7/1/3000. (HD1)

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