

RE: H.B. No. 761  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii  
Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 761, H.D. 2, 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 specify that retailers may provide proof of purchase in electronic form to a member of a frequent shopper program, unless the member requests the proof of purchase in paper form.

Your Committee received testimony in support of this measure from the Hawaii Petroleum Marketers Association. 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 frequent shopper programs reward customers for purchases made on multiple visits and offer points that can be accumulated to entitle program members to reduced prices, free items, and other incentives.

Customers join a retailer's rewards or frequent shopper program by providing personal information at the point of sale or on the retailer's mobile application. Many retailers now offer their program members the option of receiving receipts electronically by electronic mail or text message. This measure would enable businesses to provide proof of purchase to a member of a frequent shopper program only in electronic form, unless the member requests that the proof of purchase be provided in paper form.

Your Committee notes the testimony raising certain privacy concerns as customers who provide retailers with their personal information may benefit from the convenience of receiving electronic receipts but may also be at risk of having their personal information compromised by third parties.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that providing proof of purchase in electronic form is permissive rather than mandatory;
- (2) Requiring retailers that offer electronic proof of purchase to frequent shopper program members to develop, implement, and maintain reasonable safeguards to protect the members' personal information;
- (3) Inserting an effective date of July 1, 2019; and
- (4) 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 761, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 761, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

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

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ROSALYN H. BAKER, Chair