HOUSE RESOLUTION

CONVENCING A DIGITAL GAMING ADVISORY GROUP TO MONITOR PREDATORY PRACTICES IN THE DIGITAL GAMING INDUSTRY.

WHEREAS, digital and physical variable reward mechanisms such as casino slot machines and digital loot boxes are designed to exploit human psychology to cause repetitive consumption which maximizes player spending; and

WHEREAS, on numerous occasions studies have found negative psychological impact from extended exposure to exploitive variable reward mechanisms which can lead to addiction, as well as cognitive developmental problems in particularly vulnerable youth; and

WHEREAS, departments and agencies heavily regulate variable reward mechanisms in casino games to minimize negative impacts to mental health and particularly developing youth, as well as ensure transparency by requiring strict disclosure to consumers of the odds of winning possible rewards contained within; and

WHEREAS, gaming industry developers have begun to employ variable reward mechanisms such as loot boxes which operate similarly to slot machines in digital games often marketed to adults and children of all ages in recent years, through which players can pay real money for a chance to win randomized virtual items; and

WHEREAS, especially concerning, there is no requirement for digital game developers and publishers to disclose to consumers the specific inclusion of variable reward gambling-like mechanisms in games being sold to the public, including children of all ages, making it impossible for parents to know which games contain these mechanisms and which games do not; and

WHEREAS, through regular online updates, game developers and publishers can insert variable reward loot boxes or
gambling-like mechanisms into games at any time often without meaningful player or parental knowledge; and

WHEREAS, hiding the odds of winning is not permitted at any casino, yet there is currently no requirement for digital game developers and publishers to disclose to consumers the odds of winning any rewards within variable reward loot boxes and gambling-like mechanisms, and it has already been discovered that in some games the odds of winning particular items frequently advertised to consumers was deceivingly just fractions of a single percent; and

WHEREAS, in 2017 game developers filed patents to further expand predatory game design by raising or lowering the odds of winning items within variable reward loot boxes and gambling mechanisms to match the likelihood that specific players continue to spend money, potentially lowering the odds of winning valuable items to players identified as likely to continue purchasing chances to win; and

WHEREAS, seeing opportunity to further compel in game purchases, game developers have begun designing games to increase difficulty, increase time required to achieve in game objectives, and increasingly stack players of mismatched strength against one another in multiplayer games to encourage greater numbers of consumers to purchase variable reward loot boxes and gambling-like mechanisms to win items that would more easily enable successful play; and

WHEREAS, the American Psychological Association has identified "internet gaming disorder" in the Diagnostic and Statistical Manual of Mental Disorders as an emerging diagnosis that warrants further study; and

WHEREAS, the World Health Organization has identified "gaming disorder" alongside gambling as a pattern of gaming behavior that appreciably increases the risk of harmful physical or mental health, and included "hazardous gaming" as a threat to public health in the latest draft of its International Compendium of Diseases; and

WHEREAS, unlike traditional games of chance, baseball cards, and other randomized novelties, video games require
active, lengthy participation during which consumers are exposed to the psychological manipulation techniques employed by exploitive variable-reward loot boxes and gambling-like mechanisms that aggressively compel spending and can lead to harm; and

WHEREAS, with no requirements for disclosure, transparency, or basic protection against predatory and exploitive practices, countless families, individuals, and particularly vulnerable youth have been harmed by exposure to predatory variable reward loot boxes and gambling-like mechanisms now aggressively marketed to all ages on personal computers, gaming consoles, and the mobile phones in people's pockets; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2018, that a Digital Gaming Advisory Group is convened to examine and assess legislation relating to predatory or exploitive practices in digital games; and

BE IT FURTHER RESOLVED that the working group is requested to monitor:

(1) The effects of inclusion in digital games of variable reward loot boxes and gambling-like mechanisms that offer randomized virtual items for purchase using real currency;

(2) Digital games that have been designed to be impossible or unreasonably difficult for a user to complete to compel the spending of real currency to purchase additional content;

(3) Digital games that have been designed to encourage a user to make purchases using real currency to remain competitive with other users of the digital game; or

(4) Other practices deemed by the working group to be predatory or exploitive, as appropriate; and

BE IT FURTHER RESOLVED that the working group shall consist of a Chair and Vice-Chair appointed by the Speaker of the House
of Representatives, which may include the Chair of the House Committee on Consumer Protection and Commerce, and shall include the Director of the Department of Health or designee, the Director of the Office of Consumer Protection in the Department of Commerce and Consumer Affairs or designee, a member with experience and background in public education, and at least six members selected by the Speaker of the House or Chair of the working group who shall have significant experience in digital gaming, and who serve without compensation; and

BE IT FURTHER RESOLVED that the Legislative Reference Bureau is requested to provide staff support and administrative support to the working group, including clerical and research services, as needed; and

BE IT FURTHER RESOLVED that any action taken by the working group shall be approved by a simple majority, with three members of the working group constituting a quorum to do business; and

BE IT FURTHER RESOLVED that the working group is requested to submit a report of its findings and recommendations not later than twenty days prior to the convening of the Regular Session of 2019; and

BE IT FURTHER RESOLVED that the working group cease to exist on January 1, 2021; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Governor, Director of Commerce and Consumer Affairs, the Director of the Office of Consumer Protection, and the Director of the Legislative Reference Bureau.

OFFERED BY: ____________________________

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