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TO THE HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT & BUSINESS

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Friday, January 26, 2018
10:00 am

TESTIMONY ON HOUSE BILL NO. 1623 – FRANCHISE INVESTMENT LAW.

TO THE HONORABLE CINDY EVANS, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 1623, Relating to Franchise Investment Law. My name is Stephen Levins, and I am the Executive Director of the Department’s Office of Consumer Protection. The Department appreciates the intent of this bill, which is a companion to S.B. 2061, and offers comments.

This bill adds a new section to Hawaii Revised Statutes (“HRS”) chapter 482E that: (1) requires a franchisee to disclose at its entrance or storefront that it is not participating in a promotion or discount offered by the franchise; and (2) prohibits a franchisor from limiting or placing conditions upon the franchisee in making the required disclosure.

Consumers are often confused or misled by offers a franchise makes in national advertising campaigns. While an advertisement may state that an offer is not available in Hawaii, this disclosure is often in tiny print and therefore insufficient to inform the consumer that the offer is not available in the State. If a promotion or discount is not

available in Hawaii or at a particular location, this information should be disclosed to the consumer. The disclosure requirement in this bill will clarify to consumers whether an offer is available in Hawaii.

The Department also respectfully submits this new section is not appropriately placed in HRS chapter 482E, since this bill focuses on consumer protection, whereas the purpose of chapter 482E is to regulate the sale of franchises to minimize losses to the franchisee.

Thank you for the opportunity to testify on H.B. 1623. I would be happy to answer any questions the Committee may have.



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House of Representatives
Committee on Economic Development & Business
Thursday, January 26, 2018
10:00 a.m.
Conference Room 309

To: Representative Cindy Evans, Chair
Re: H.B. No. 1623, Relating to Franchise Investment Law

Dear Chair Evans, Vice-Chair Keohokalole and Members of the Committee,

My name is Kerry M. Komatsubara and I am the Advocacy Director for AARP Hawaii. AARP is a membership organization of people age fifty and over with about 150,000 members in Hawaii. AARP advocates for issues that matter to Hawaii families and we strive to serve as a reliable information source on issues critical to people over the age of fifty.

AARP Hawaii supports H.B. No. 1623 which requires franchisees to disclose their non-participation in advertising campaigns of the franchisor in which discounts or promotions are offered. Nationwide advertising campaigns that are broadcasted in Hawaii but are not applicable to Hawaii sales are likely to create customer confusion and can lead to sales based on misinformation. The requirement for the franchisee to disclose its non-participation at the entrance of its storefront is a fair and reasonable way to avoid customer confusion and misunderstanding.

Thank you for the opportunity to present testimony in support of H.B. No. 1623.

