

JAN 24 2018

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# A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

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

1           SECTION 1. The legislature finds that according to a 2011  
2 study, ninety-one per cent of youth aged 2-17 played video  
3 games. Games and game content are now easily accessible and may  
4 be purchased at the touch of a button through phones, consoles  
5 such as the XBOX or Playstation, or personal computers, or by  
6 minors with cash through gift card purchases.

7           In recent years video game publishers have begun to employ  
8 predatory mechanisms designed to exploit human psychology to  
9 compel players to keep spending money in the same way that  
10 casino games are so designed. These mechanisms allow players to  
11 purchase chances at winning rewards within games, similar to a  
12 slot machine. These predatory mechanisms, a common variety of  
13 which are known as loot boxes, can present the same  
14 psychological, addictive, and financial risks as gambling.  
15 There are even online marketplaces where players can buy and  
16 sell digital items won from loot boxes and other gambling-like



1 mechanisms in many games, enabling players to effectively cash  
2 out their winnings.

3       The legislature further finds that the American  
4 Psychological Association has identified internet gaming  
5 disorder as an emerging diagnosis which warrants further study  
6 in the Diagnostic and Statistical Manual of Mental Disorders and  
7 the World Health Organization has identified gaming disorder,  
8 alongside gambling, as a pattern of gaming behavior which  
9 appreciably increases the risk of harmful physical or mental  
10 health effects in the latest draft of its International  
11 Compendium of Diseases. Mental health experts have raised  
12 particular concern about the exposure of youth and young adults  
13 to gambling-like mechanisms which can affect cognitive  
14 development and lead to addiction and to which youth and young  
15 adults are particularly vulnerable.

16       There is currently no age restriction on games which  
17 include loot boxes and other exploitive gambling-like  
18 mechanisms. In fact, games which include these mechanisms are  
19 often marketed to youth. There is currently no disclosure  
20 required at time of purchase that video games contain predatory  
21 loot boxes and gambling-like mechanisms which may pose a harmful



1 risk for some people, particularly youth and young adults.  
2 Further, game publishers can insert gambling-like mechanisms  
3 into games at any time with game updates without prior player or  
4 parental knowledge.

5 Unlike at casinos, there is rarely disclosure of the odds  
6 of winning items of value in loot boxes or in-game gambling-like  
7 mechanisms. There are no gaming commissions to ensure players  
8 are being treated fairly and not exploited by gambling-like  
9 mechanisms which do not pay out as advertised. Game publishers  
10 have already begun to develop algorithms which are far more  
11 exploitive than casino games because they can now change the  
12 odds of winning valuable items in real time based on a player's  
13 reactions and likelihood of continued spending, an ability which  
14 has already been included in multiple patent applications.

15 The legislature further finds that no meaningful  
16 protections exist to prevent consumers, and in particular  
17 vulnerable youth, from being exploited by predatory video game  
18 mechanisms which are now aggressively marketed on home  
19 computers, gaming consoles, and the smart phones in people's  
20 pockets. Unlike traditional card games or other games of  
21 chance, the ubiquitous reach of video games which require



1 active, lengthy participation and exposure to the psychological  
2 manipulation techniques of exploitive loot boxes and gambling-  
3 like mechanisms presents potentially harmful risks to the  
4 financial well-being and mental health of individuals and  
5 especially of vulnerable youth and young adults.

6 The purpose of this Act is to prohibit the sale of video  
7 games that contain a system of further purchasing a randomized  
8 reward or a virtual item that can be redeemed to directly or  
9 indirectly receive a randomized reward to consumers under  
10 twenty-one years of age.

11 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14 "§481B- Video games; restrictions. (a) It shall be  
15 unlawful for any retailer to sell to any person under twenty-one  
16 years of age a video game that contains a system of further  
17 purchasing:

18 (1) A randomized reward or rewards; or  
19 (2) A virtual item which can be redeemed to directly or  
20 indirectly receive a randomized reward or rewards.

21 (b) For the purpose of this section:



1       "Retailer" means any person who offers video games for  
2 sale, including resale by the purchaser, through any means,  
3 including sales outlets, catalogs, or the Internet.


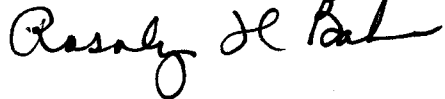
4       "Video game" means an object or device that stores recorded  
5 data or instructions, receives data or instructions generated by  
6 a person who uses it, and, by processing the data or  
7 instructions, creates an interactive game capable of being  
8 played, viewed, or experienced on or through a computer, gaming  
9 system, console, or other technology."

10       SECTION 3. New statutory material is underscored.

11       SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



# S.B. NO. 3024

**Report Title:**

Video Games; Prohibition; In-game Purchases

**Description:**

Prohibits the sale of video games containing a system of purchasing a randomized reward to consumers under 21 years of age.

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