

JAN 17 2025

A BILL FOR AN ACT

RELATING TO SUGAR-SWEETENED BEVERAGES.

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

1 SECTION 1. The legislature finds that there is a need to
2 continue to invest in the health of Hawai'i's keiki and ohana.
3 Sugar-sweetened beverages are the largest source of excess sugar
4 in the American diet, contributing excess calories with little
5 or no nutritional value. Sugar-sweetened beverage consumption
6 is associated with negative health effects such as obesity,
7 which amounts to an estimated \$470,000,000 annually in obesity-
8 related health care costs statewide.

9 The consumption of sugar-sweetened beverages is also linked
10 to other serious health problems, including weight gain,
11 prediabetes, diabetes, tooth decay, heart disease, and other
12 health conditions. Statewide, one out of four middle and high
13 school students, and more than half of all adults, are
14 overweight or obese. Sixty-one per cent of adults in Hawai'i are
15 living with at least one chronic disease such as diabetes, heart
16 disease, or cancer. A 2016 report found that the State has the
17 highest prevalence of tooth decay among third graders in the



1 nation, as seventy-one per cent of third graders were affected
2 by tooth decay. The State also received a failing grade in a
3 series of oral health report cards released by the Pew Center on
4 the States.

5 The legislature also finds that a fee on sugar-sweetened
6 beverages is a viable method to reduce sugar-sweetened beverage
7 consumption, improve health, and generate revenue for the State
8 to support public health, prevent chronic disease, and address
9 root causes of disparities in Hawai'i. A 2017 study conducted by
10 the Harvard T.H. Chan School of Public Health and the department
11 of health found that a sugar-sweetened drink fee has the
12 potential for major cost-savings. Passage of a two-cent-per-
13 ounce sugar-sweetened beverage fee is projected to result in
14 lower levels of sugar-sweetened beverage consumption, fewer
15 cases of obesity, fewer deaths, and health care savings greater
16 than \$59,000,000 over a ten-year period. According to the Rudd
17 Center Revenue Calculator for Sugary Drink Taxes, a two-cent-
18 per-ounce fee would have raised as much as \$65,800,000 in 2020.

19 The legislature also finds that sugar-sweetened beverage
20 consumption is a health equity issue, as rates of consumption
21 are greatest among individuals with lower incomes and people of



1 color, due in part to issues surrounding a lack of access to
2 healthy foods and the targeted marketing by the sugar-sweetened
3 beverage industry. Lower-income populations and people of color
4 also have higher rates of chronic disease due to other social
5 determinants of health, including food and housing insecurity,
6 lack of access to health care, and lack of spaces for safe
7 physical activity. The COVID-19 pandemic has drawn attention to
8 these health and social inequities in the State. COVID-19 has
9 most severely impacted the Pacific Islander, Filipino, and
10 Native Hawaiian populations, who have the highest rates of
11 chronic disease and sugar-sweetened drink consumption.

12 Additionally, regulations to mitigate the spread of
13 COVID-19 have created economic hardships for the people of
14 Hawai'i, especially for these vulnerable populations. An
15 opportunity exists to implement a sugar-sweetened beverage fee
16 to discourage sugary drink consumption and to help reduce
17 chronic disease risks, significantly save on health care costs,
18 and generate revenue that can be used to minimize health
19 disparities and support health promotion programs during
20 projected post-COVID-19 challenges.



1 Over the last several years, sugar-sweetened beverage tax
2 policies have been enacted in several cities throughout the
3 United States and dozens of countries globally. Sugar-sweetened
4 beverage tax policies involve the collection of a tax or fee
5 from sugar-sweetened beverage distributors that is passed on to
6 consumers in the form of price increases that influence
7 purchasing behavior. Jurisdictions with sugar-sweetened
8 beverage taxes such as Berkeley, California, and Philadelphia,
9 Pennsylvania, have seen a reduction in sugar-sweetened beverage
10 consumption, while sales of bottled water and other healthier
11 options increased. Further evaluation results from these
12 jurisdictions show that overall sales and revenue were not
13 harmed by a fee at the distributor level. A sugar-sweetened
14 beverage fee has instead provided a source of revenue that has
15 generated millions of dollars to aid in reducing health and
16 socioeconomic disparities. Recently, some of these locations
17 reallocated their funding to specifically address critical needs
18 resulting from COVID-19, such as assisting low-income families
19 facing food insecurity.

20 Accordingly, the purpose of this Act is to enact a fee on
21 sugar-sweetened beverages in Hawai'i to improve the health of its



1 residents and generate revenues for the State to support health,
2 prevent chronic disease, and address root causes of health
3 disparities in Hawai'i. This Act shall be known and cited as the
4 Healthy Ohana Act of 2025.

5 SECTION 2. Chapter 321, Hawaii Revised Statutes, is
6 amended by adding a new part to be appropriately designated and
7 to read as follows:

8 **"PART . SUGAR-SWEETENED BEVERAGE FEE PROGRAM**

9 **§321-A Definitions.** As used in this part:

10 "Auditor" means the office of the auditor.

11 "Bottle" means any closed or sealed container regardless of
12 size or shape, including those made of glass, metal, paper,
13 plastic, or any other material or combination of materials.

14 "Bottled sugar-sweetened beverage" means any sugar-
15 sweetened beverage contained in a bottle that is ready for
16 consumption without further processing, such as dilution or
17 carbonation.

18 "Caloric sweetener" means any substance that:

- 19 (1) Is suitable for human consumption and perceived by
20 humans as sweet;



1 (2) Adds five or more calories per serving to the diet of
2 a person who consumes that substance;

3 (3) Includes, without limitation, sucrose, fructose,
4 glucose, other sugars, and fruit juice concentrates;
5 and

6 (4) Does not include non-caloric sweeteners.

7 "Consumer" means a person who purchases a sugar-sweetened
8 beverage for consumption and not for sale to another.

9 "Department" means the department of health.

10 "Dietary aid" means:

11 (1) A liquid product manufactured for use as an oral
12 nutritional therapy for persons who cannot absorb or
13 metabolize dietary nutrients from food or beverages;

14 (2) A source of necessary nutrition used due to a medical
15 condition; or

16 (3) An oral electrolyte solution for infants and children
17 that is formulated to prevent dehydration due to
18 illness.

19 "Director" means the director of health.

20 "Distributor" means any person, including a manufacturer or
21 a wholesale dealer, who receives, stores, manufactures, bottles,



1 or distributes bottled sugar-sweetened beverages, syrup, or
2 powder for sale to a retailer doing business in the State
3 regardless of whether that person is also a retailer as defined
4 in this section.

5 "Infant formula" means a food that purports to be or is
6 represented for special dietary use solely as a food for infants
7 by reason of its simulation of human milk or its suitability as
8 a complete or partial substitute for human milk.

9 "Milk substitute without caloric sweetener" means a plant-
10 based beverage in which the principal ingredients by weight are
11 water and grains, nuts, legumes, or seeds. "Milk substitute"
12 includes soy milk, almond milk, rice milk, coconut milk, oat
13 milk, hazelnut milk, and flax milk.

14 "Milk without added caloric sweetener" means any beverage
15 of which the principal ingredient by weight is natural liquid
16 milk as secreted by an animal, regardless of animal source or
17 butterfat content, or natural milk concentrate and dehydrated
18 natural milk, whether or not reconstituted.

19 "Non-alcoholic beverage" means any beverage that contains
20 less than one-half of one per cent alcohol per volume.

21 "Non-caloric sweetener" means any substance that:



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1 (1) Is suitable for human consumption and perceived by
2 humans as sweet;

3 (2) Contains fewer than five calories per serving;

4 (3) Includes aspartame, saccharin, stevia, and sucralose;
5 and

6 (4) Does not include caloric sweeteners.

7 "One hundred per cent fruit juice or vegetable juice" means
8 any liquid consisting of one hundred per cent fruit juice or
9 vegetable juice having no added sugar, corn syrup, or caloric
10 sweetener.

11 "Person" means any natural person, partnership, cooperative
12 association, limited liability company, corporation, personal
13 representative, receiver, trustee, assignee, or any other legal
14 entity.

15 "Powder" means any solid mixture of ingredients that:

16 (1) Contains a caloric sweetener; and

17 (2) Is used in making, mixing, or compounding sugar-
18 sweetened beverages by combining the powder with any
19 one or more other ingredients.

20 "Retailer" means any person who sells or otherwise
21 dispenses in the State a sugar-sweetened beverage to a consumer



1 regardless of whether that person is also a distributor as
2 defined in this section.

3 "Sale" or "sell" means the transfer of title or possession
4 for valuable consideration regardless of the manner the transfer
5 is completed.

6 "Sugar-sweetened beverage" means any non-alcoholic
7 beverage, carbonated or noncarbonated, that is intended for
8 human consumption and contains any added caloric sweetener.

9 Sugar-sweetened beverages does not include:

- 10 (1) Beverages consisting of one hundred per cent fruit
11 juice or vegetable juice with no added caloric
12 sweetener;
- 13 (2) Milk without added caloric sweetener;
- 14 (3) Milk substitute without added caloric sweetener;
- 15 (4) Dietary aids;
- 16 (5) Infant formula;
- 17 (6) Sweetened medication such as cough syrup, liquid pain
18 relievers, fever reducers and similar products; or
- 19 (7) Any product commonly used exclusively to mix with
20 alcohol that may exceed five grams or more per serving
21 of caloric sweetener per twelve ounces of fluid that



1 is not a sugar sweetened beverage, including without
2 limitation margarita mix, bloody mary mix, daiquiri
3 mix, or similar products.

4 "Syrup" means a liquid mixture of ingredients that:

5 (1) Contains a caloric sweetener; and

6 (2) Is used in making, mixing, or compounding sugar-
7 sweetened beverages by combining the syrup with any
8 one or more other ingredients.

9 **§321-B Registration required.** (a) Beginning July 1,
10 2026, every distributor shall register with the department on
11 forms to be prescribed, prepared, and furnished by the
12 department.

13 (b) No retailer may sell at retail, or hold out or display
14 for sale at retail, any sugar-sweetened beverage acquired by the
15 retailer after June 30, 2026, unless the sugar-sweetened
16 beverage was acquired by the retailer from a registered
17 distributor in the State.

18 **§321-C Sugar-sweetened beverage fee.** (a) Beginning
19 July 1, 2026, every distributor selling sugar-sweetened
20 beverages in the State shall pay the department a sugar-
21 sweetened beverage fee that is imposed at the following rates:



1 (1) Two cents per fluid ounce of bottled sugar-sweetened
2 beverages sold or offered for sale to a retailer for
3 sale in the State to a consumer; and

4 (2) Two cents per fluid ounce of sugar-sweetened beverage
5 that can be produced from syrup or powder, calculated
6 according to the manufacturer's specifications for the
7 use of the syrup or powder, sold or offered for sale
8 to a retailer for resale in the State to a consumer.

9 (b) A distributor shall add the amount of the fee imposed
10 by this section to the price of sugar-sweetened beverages,
11 syrups, and powders sold to a retailer, and the retailer shall
12 pass the amount of the fee through to a consumer as a component
13 of the final retail purchase price. The amount of the fee shall
14 be stated separately on all invoices, signs, sales or delivery
15 slips, bills, and statements that advertise or indicate the
16 price of the sugar-sweetened beverages, syrups, and powders.

17 **§321-D Exemptions.** The following shall be exempt from the
18 fee imposed by this part:

19 (1) Bottled sugar-sweetened beverages, syrups, and powder
20 sold by a distributor or retailer expressly for resale
21 or consumption outside the State; and



1 (2) Bottled sugar-sweetened beverages, syrups, and powder
2 sold by a distributor to another distributor who is
3 registered pursuant to section 321-B, if the sales
4 invoice clearly indicates that the sale is exempt. If
5 the sale is to a person who is both a distributor and
6 a retailer, the sale shall also be exempt from the fee
7 and the fee shall be paid when the purchasing
8 distributor who is also a retailer resells the product
9 to a retailer or a consumer. This exemption shall not
10 apply to any other sale to a retailer.

11 **§321-E Payment.** (a) Beginning July 1, 2026, every
12 distributor or retailer subject to the fee imposed by this part
13 shall file with the department a form identifying all sales of
14 sugar-sweetened beverages made on a periodic basis as determined
15 by the department and pay to the department the fees imposed
16 pursuant to section 321-C on the sales made during the period.
17 The form shall be prescribed by the department and contain any
18 information that the department deems necessary for the proper
19 administration of the sugar-sweetened beverage fee program.



1 (b) The revenues from the fee shall be deposited into the
2 healthy ohana special fund established pursuant to section
3 321-F.

4 **§321-F Healthy ohana special fund; established. (a)**

5 There is established in the state treasury the healthy ohana
6 special fund into which shall be deposited:

7 (1) Appropriations made by the legislature into the fund;

8 (2) All revenues collected from sugar-sweetened beverage
9 fees established under section 321-C;

10 (3) All revenues collected from penalties pursuant to
11 section 321-M; and

12 (4) All interest and earnings accruing from the investment
13 of moneys in the healthy ohana special fund.

14 (b) The healthy ohana special fund shall be administered
15 by the department. On a periodic basis as determined by the
16 director of finance, the moneys in the healthy ohana special
17 fund shall be expended or deposited as follows:

18 (1) per cent shall be expended by the department for
19 implementation and evaluation of the sugar-sweetened
20 beverage fee program to address obesity prevention and
21 oral health promotion services in the State;



1 (2) per cent shall be expended by the department for
2 the purposes of supporting primary prevention and
3 chronic disease prevention programs and supports; and

4 (3) per cent shall be deposited into the healthy
5 ohana trust fund established pursuant to section
6 321-G.

7 (c) For the purposes of this section, costs to implement
8 and evaluate the sugar-sweetened beverage fee program may
9 include:

10 (1) Administrative, contractual, audit, independent
11 evaluation, and compliance activities associated with
12 collection and payment of the sugar-sweetened beverage
13 fee program;

14 (2) Personnel to implement the sugar-sweetened beverage
15 fee program;

16 (3) Communication and education activities to inform the
17 public and distributors about the sugar-sweetened
18 beverage fee program; and

19 (4) Associated office expenses.

20 **§321-G Healthy ohana trust fund; established.** (a) There
21 is established the healthy ohana trust fund as a separate fund



1 of a nonprofit entity having a board of directors and qualifying
2 under section 501(c)(3) of the Internal Revenue Code of 1986, as
3 amended. The director, with the concurrence of the governor,
4 shall select, pursuant to chapter 103D, the entity based upon
5 its proven record of accomplishment in administering a similar
6 trust fund. The director, with the concurrence of the governor
7 and in the director's sole discretion, may rescind the selection
8 of the entity that administers the trust fund. If the selection
9 of the entity is rescinded, moneys in the healthy ohana trust
10 fund shall revert to the State and shall be deemed to be trust
11 moneys.

12 (b) The department of budget and finance shall have
13 oversight authority over the healthy ohana trust fund and may
14 make periodic financial audits of the healthy ohana trust fund;
15 provided that the director of finance may contract with a
16 certified public accountancy firm to conduct the financial
17 audits.

18 (c) The entity selected under subsection (a), for each
19 fiscal year, may expend up to ten per cent of the total market
20 value of the healthy ohana trust fund on the preceding June 30,
21 for the prevention and control of obesity and chronic disease on



1 behalf of families in the State. These activities may include
2 comprehensive programs and methods to support access to healthy
3 food, active living and healthy eating, school and work-based
4 health, nutrition and physical education, oral health, programs
5 supporting farm-to-school, locally grown and sustainable
6 agriculture practices, school gardens, and obesity and chronic
7 disease prevention.

8 (d) The healthy ohana trust fund may receive
9 appropriations, contributions, grants, endowments, or gifts in
10 cash or otherwise from any source, including the State,
11 corporations or other businesses, foundations, government,
12 individuals, and other interested parties; provided that any
13 appropriations made by the legislature to the healthy ohana
14 trust fund shall not supplant or diminish the funding of
15 existing chronic disease prevention programs or any health-
16 related programs funded in whole or in part by the State.

17 (e) The assets of the healthy ohana trust fund shall
18 consist of:

19 (1) Moneys deposited pursuant to section 321-F(b)(3);

20 (2) Moneys appropriated to the healthy ohana trust fund by
21 the state, county, or federal government;



1 (3) Private contributions of cash or property; and
2 (4) Income and capital gains earned by the healthy ohana
3 trust fund.

4 (f) The aggregate principal sum deposited in the healthy
5 ohana trust fund shall be invested by the entity selected under
6 subsection (a) in a manner intended to maximize the rate of
7 return on investment of the healthy ohana trust fund consistent
8 with the objective of preserving the healthy ohana trust fund's
9 principal.

10 (g) If the entity selected under subsection (a) is
11 dissolved, the director, with the concurrence of the governor,
12 shall select a successor entity pursuant to chapter 103D. If
13 the healthy ohana trust fund is terminated, the moneys remaining
14 in the healthy ohana trust fund shall revert to the State and
15 shall be deemed to be trust moneys.

16 (h) The healthy ohana advisory committee established
17 pursuant to section 321-R shall provide advice to the department
18 regarding the administration of the healthy ohana trust fund.

19 **§321-H Records to be kept.** Beginning July 1, 2026, every
20 distributor and retailer, in addition to any requirements under
21 section 321-I, shall prepare or maintain documents involving



1 sugar-sweetened beverages, syrups, and powders, as required by
2 the department.

3 **§321-I Examination authority.** The records of the
4 distributor and retailer shall be made available, upon request,
5 for inspection by the department, a duly authorized agent of the
6 department, or the auditor; provided that any proprietary
7 information obtained because of an inspection or audit shall be
8 kept confidential and shall not be disclosed to any other
9 person, except:

- 10 (1) As may be reasonably required in an administrative or
11 judicial proceeding to enforce any provision of this
12 part or any rule adopted pursuant to this part; or
13 (2) Under an order issued by a court or administrative
14 agency hearings officer.

15 **§321-J Contract for administrative services.** The
16 department may contract the services of a third party to
17 administer the sugar-sweetened beverage fee program.

18 **§321-K Management and financial audit.** The auditor shall
19 conduct a management and financial audit of the sugar-sweetened
20 beverage fee program for fiscal year 2026 to 2027 and fiscal
21 year 2027 to 2028, and for each fiscal year ending in an odd-



1 numbered year. The auditor shall submit the audit report to the
2 legislature and the department no later than twenty days prior
3 to the convening of the subsequent regular session. The auditor
4 may contract the audit services of a third party to conduct the
5 audit.

6 **§321-L Administration; rules.** No later than December 31,
7 2027, the department shall adopt rules pursuant to chapter 91 to
8 effectuate this part.

9 **§321-M Civil penalties.** (a) Any person subject to this
10 part who:

11 (1) Fails to pay the entire fee imposed by this part by
12 the date that payment is due;

13 (2) Fails to register as a distributor as required by
14 section 321-B;

15 (3) Fails to file a form that identifies all sales of
16 sugar-sweetened beverages during the time specified by
17 the department as required by section 321-E;

18 (4) Fails to make payment to the department at the time
19 specified by the department as required by section
20 321-E;



1 (5) Fails to prepare or maintain records required by this
2 part; or

3 (6) Violates any other provision of this part,
4 shall be liable for the fee that is due, a penalty equal to
5 fifty per cent of the fee due, and administrative fees and costs
6 incurred by the department in enforcing this part.

7 (b) The director may determine the amount of the fee and
8 the penalty due under subsection (a) in the event of any
9 nonpayment or underpayment and demand payment of all sugar-
10 sweetened beverage fees and penalties. Interest shall accrue on
11 nonpayment or underpayment of the fee at a rate of eight per
12 cent per year from the date the fee was due, until paid. The
13 director shall have the authority to revoke the distributor
14 registration as a penalty under subsection (a).

15 (c) Any criminal penalties for a violation of this part
16 shall not be deemed to preclude the State from recovering
17 additional civil penalties.

18 **§321-N Enforcement; notice; contested case hearing; civil**
19 **action.** (a) If the director determines that the sugar-
20 sweetened beverage fee, penalties, or interest are due, the



1 director shall notify the person of the amount by certified
2 mail.

3 (b) Any notice issued under subsection (a) shall become
4 final thirty-one days after the notice is mailed, unless no
5 later than thirty days after the notice is mailed, the person
6 named in the notice requests in writing a hearing before the
7 director. Whenever a hearing is requested, the amount owed
8 shall become due and payable only upon completion of all review
9 proceedings and the issuance of a final order confirming the
10 fee, interest, and penalty in whole or in part. Upon request
11 for a hearing, the director shall require the requestor to
12 appear before the director for a hearing at the time and place
13 specified in a notice of the hearing.

14 (c) Any hearing conducted under this section shall be
15 conducted as a contested case under chapter 91. If, after a
16 hearing held pursuant to this section, the director finds that
17 all or a portion of the fee, interest, or penalty is due, the
18 director shall take action to collect the amount due as provided
19 by subsection (d).

20 (d) If the amount of any fee, interest, or penalty is not
21 paid to the department within thirty days after it becomes due



1 and payable, the director may institute a civil action in the
2 name of the State to collect the fee, interest, and penalty. In
3 any proceeding to collect the fee, interest, or penalty imposed,
4 the director need only show that:

5 (1) Notice was given;

6 (2) A hearing was held, or the time granted for requesting
7 a hearing expired without a request for a hearing;

8 (3) The fee, interest, or penalty was imposed; and

9 (4) The fee, interest, or penalty remains unpaid.

10 (e) In connection with any hearing held pursuant to this
11 section, the director shall have the power to subpoena the
12 attendance of witnesses and the production of evidence on behalf
13 of all parties.

14 **§321-O Distribution of revenues.** One hundred per cent of
15 revenues collected from the sugar-sweetened beverage fee
16 program, interest payments, and penalty payments imposed
17 pursuant to this part shall be deposited into the healthy ohana
18 special fund.

19 **§321-P Evaluation.** The department shall develop criteria
20 and components for an independent evaluation to assess the
21 impact of the sugar-sweetened beverage fee on consumption of



1 products subject to the fee. The evaluation shall seek to
2 determine the impact of the fee on sugar-sweetened beverage
3 prices, consumer purchasing behavior, and health outcomes. The
4 reasonable costs of evaluation shall be paid from the healthy
5 ohana special fund and be considered an implementation cost of
6 this part.

7 **§321-Q Annual reports.** The department shall provide
8 annual reports of its findings and recommendations on the sugar-
9 sweetened beverage fee program, including any proposed
10 legislation, to the legislature and governor no later than
11 twenty days prior to the convening of each regular session
12 beginning with the regular session of 2027. The reports shall
13 contain:

- 14 (1) Measures of effectiveness;
- 15 (2) An accounting of the receipts of and expenditures from
16 the healthy ohana special fund in the previous fiscal
17 year; and
- 18 (3) Status of program activities.

19 If administration of the program is contracted to a third party
20 pursuant to section 321-J, a copy of the contract shall be



1 appended to the next applicable report, and the contractor shall
2 also abide by these reporting requirements.

3 **§321-R Healthy ohana trust fund advisory committee. (a)**

4 There is established a healthy ohana trust fund advisory
5 committee within the department for administrative purposes.

6 (b) Members of the committee shall:

7 (1) Be appointed by the director, and shall serve at the
8 director's pleasure; and

9 (2) Have background and expertise in chronic disease
10 prevention.

11 (c) The healthy ohana trust fund advisory committee shall
12 advise the department on the administration of the healthy ohana
13 trust fund.

14 (d) The healthy ohana trust fund advisory committee, in
15 collaboration with the department, shall develop a strategic
16 plan for chronic disease prevention, including:

17 (1) Developing and implementing effective and cost-
18 efficient policies and programs, including health
19 promotion and disease prevention;



1 (2) Developing adequate standards and benchmarks by which
2 measures of chronic disease prevention policies and
3 programs may be appropriately evaluated; and

4 (3) Assessing the effectiveness of policies and programs
5 engaged in chronic disease prevention.

6 (e) A simple majority of the committee members shall
7 constitute quorum."

8 SECTION 3. No later than June 30, 2026, the department of
9 health shall adopt interim rules without regard to chapters 91
10 and 201M, Hawaii Revised Statutes, to implement the sugar-
11 sweetened beverage fee program. The interim rules shall remain
12 in effect until January 1, 2028, or until rules are adopted
13 pursuant to section 321-L, Hawaii Revised Statutes, whichever
14 occurs sooner.

15 SECTION 4. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$250,000 or so much
17 thereof as may be necessary for fiscal year 2025-2026 and the
18 same sum or so much thereof as may be necessary for fiscal year
19 2026-2027 to be deposited into the healthy ohana special fund
20 established pursuant to section 321-F, Hawaii Revised Statutes.



1 SECTION 5. There is appropriated out of the healthy ohana
2 special fund the sum of \$250,000 or so much thereof as may be
3 necessary for fiscal year 2025-2026 and the same sum or so much
4 thereof as may be necessary for fiscal year 2026-2027 to carry
5 out the purposes of section 2 of this Act, including the
6 establishment and hiring of full-time equivalent
7 (FTE) positions and hiring of contractors.

8 The sums appropriated shall be expended by the department
9 of health for the purposes of this Act.

10 SECTION 6. No later than July 1, 2027, the department of
11 health shall establish a repayment plan and schedule to repay
12 the general fund for the sums deposited into the healthy ohana
13 special fund established pursuant to section 321-F, Hawaii
14 Revised Statutes. The department of health shall use only
15 moneys from the healthy ohana special fund to repay the general
16 fund.

17 SECTION 7. No later than March 15, 2026, the director of
18 health, or the director's designee, shall submit a report and
19 provide an informational briefing to the legislature concerning
20 the progress of implementing the provisions in this Act,



1 including the status of rulemaking by the department of health
2 pertaining to the sugar-sweetened beverage fee program.

3 SECTION 8. For the purposes of effectuating this Act, the
4 personnel hired and the contracts entered into by the department
5 of health, pursuant to this Act, shall be exempt from chapter
6 76, Hawaii Revised Statutes, for a period beginning on July 1,
7 2025, and ending on June 30, 2027; provided that:

8 (1) All personnel actions taken pursuant to this Act by
9 the department of health after June 30, 2027, shall be
10 subject to chapter 76, Hawaii Revised Statutes, as
11 appropriate; and

12 (2) Any employee hired by the department of health to
13 effectuate this Act, who occupies a position exempt
14 from civil service on July 1, 2027, shall:

15 (A) Be appointed to a civil service position; and

16 (B) Not suffer any loss of prior service credit,
17 vacation or sick leave credits previously earned
18 or other employee benefits or privileges;

19 provided that the employee possesses the minimum
20 qualifications and public employment requirements for
21 the class or position to which appointed; provided



1 further that subsequent changes in status shall be
2 made pursuant to applicable civil service and
3 compensation laws.

4 SECTION 9. If any provision of this Act, or the
5 application thereof to any person or circumstance, is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act that can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

10 SECTION 10. In codifying the new sections added by section
11 2 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 the new sections in this Act.

14 SECTION 11. This Act shall take effect on July 1, 2025.

15

INTRODUCED BY:





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Report Title:

DOH; Auditor; Healthy Ohana Act; Sugar-Sweetened Beverage Fee Program; Exemptions; Healthy Ohana Special Fund; Healthy Ohana Trust Fund; Healthy Ohana Trust Fund Advisory Committee; Enforcement; Penalties; Reports; Rules; Appropriations

Description:

Establishes a Sugar-Sweetened Beverage Fee Program to be administered by the Department of Health that, beginning 7/1/2026, imposes a fee on the distribution and sale of sugar-sweetened beverages in the State. Establishes the Healthy Ohana Special Fund into which revenues generated from the sugar-sweetened beverage fee are deposited. Establishes the Healthy Ohana Trust Fund in the private sector to receive revenues from the Healthy Ohana Special Fund to support prevention and control of obesity and chronic diseases. Allows the Department to contract with a third party to administer the program. Requires the Auditor to conduct a management and financial audit of the program and submit reports to the Legislature. Establishes the Healthy Ohana Trust Fund Advisory Committee to advise the Department on the administration of the trust fund. Requires the Department to adopt interim rules no later than 6/30/2026, and final rules no later than 12/31/2027. Establishes civil penalties. Requires annual reports to the Legislature. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

