
A BILL FOR AN ACT

RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM.

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

1 SECTION 1. The legislature finds that deposit beverage
2 distributors are subject to unnecessary administrative burdens
3 relating to auditing under the deposit beverage container
4 program. Currently, all deposit beverage distributors are
5 required to obtain independent audits in years ending in an odd
6 number. The legislature further finds that this independent
7 audit requirement is in addition to a risk-based process for
8 auditing of deposit beverage distributors and redemption
9 centers. Removing the requirement for independent audits will
10 ensure that small and mid-sized businesses are not burdened by
11 high compliance costs while still maintaining effective
12 oversight through the risk-based process for auditing.

13 Accordingly, the purpose of this Act is to:

14 (1) Require only selected redemption centers to send
15 monthly or semi-annual distribution reports and
16 supporting records to the deposit beverage container
17 program; and



1 (2) Repeal the requirement that deposit beverage
2 distributors develop and submit an internal control
3 process to the deposit beverage container program and
4 obtain independent audits for years ending in an odd
5 number.

6 SECTION 2. Section 342G-121.5, Hawaii Revised Statutes, is
7 amended to read as follows:

8 " [+] \$342G-121.5[+] Risk-based selection process; audit.

9 (a) The department shall develop a risk-based process to
10 select, for periodic audit, certain deposit beverage distributor
11 and redemption center reports submitted to the deposit beverage
12 container program. The department may hire personnel or
13 external consultants to perform the audits. In developing a
14 risk-based process to audit certain deposit beverage distributor
15 and redemption center reports, the department shall:

16 (1) Consider a variety of risk factors, including but not
17 limited to the amount of money transacted, prior audit
18 findings, and frequency of the deposit beverage
19 distributor's or redemption center's prior audits;
20 (2) Require selected deposit beverage distributors and
21 redemption centers to send monthly or semi-annual



1 distribution reports and supporting records, such as
2 schedules of invoices, shipping documents, point-of-
3 sale reports, and other documentation as required by
4 the department, to the deposit beverage container
5 program; and

6 (3) Ensure that the audit process includes a risk
7 assessment derived from deposit beverage distributor
8 and redemption center data based on the reports
9 submitted, including but not limited to carrying out
10 analytics and trend analyses to target certain deposit
11 beverage distributors and redemption centers having
12 unusual fluctuations.

13 (b) The department shall:

14 (1) Summarize the results of the deposit beverage
15 distributor and redemption center audits and assess
16 whether enforcement actions should be considered to
17 ensure that the amounts that are being reported are
18 accurate;

19 (2) Consider conducting follow-up audits; and

20 (3) Consider publicly announcing violations.

21 (c) ~~All deposit beverage distributors shall:~~



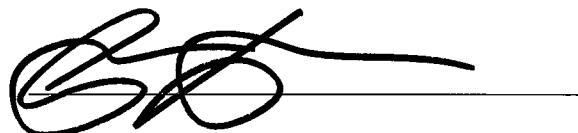
- 1 (1) Develop and submit to the deposit beverage container
- 2 program for approval an internal control process to
- 3 ensure that the monthly or semi-annual distribution
- 4 report forms contain accurate data and that adequate
- 5 records are maintained; and
- 6 (2) Obtain independent audits for years ending in an odd
- 7 number.] "

8 SECTION 3. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

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

11

INTRODUCED BY:



JAN 16 2026



H.B. NO. 1610

Report Title:

Deposit Beverage Container Program; Deposit Beverage Distributors; Redemption Centers; Internal Control Process; Independent Audits; Repeal

Description:

Requires only selected redemption centers to send monthly or semi-annual distribution reports and supporting records to the Deposit Beverage Container Program. Repeals the requirement that all deposit beverage distributors develop and submit an internal control process to the Deposit Beverage Container Program and obtain independent audits for years ending in an odd number.

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