

JAN 22 2026

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 Hawaii'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 Hawaii 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 Studies have also found that sugar-sweetened beverage fees can
9 reduce rates of gestational diabetes by over forty per cent and
10 result in twenty-nine per cent fewer oral hygiene
11 hospitalizations for children. Additionally, a 2017 study
12 conducted by the Harvard T.H. Chan School of Public Health and
13 the department of health found that a sugar-sweetened drink fee
14 has the potential for major cost-savings for the State.

15 According to the Rudd Center Revenue Calculator for Sugary Drink
16 Taxes, a two-cent-per-ounce fee would have raised as much as
17 \$65,800,000 in 2020. Moreover, passage of a two-cent-per-ounce
18 sugar-sweetened beverage fee is project to result in health care
19 savings of approximately \$60,000,000 for Hawaii over a ten-year
20 period.



1 The legislature also finds that sugar-sweetened beverage
2 consumption is a health equity issue, as rates of consumption
3 are greatest among individuals with lower incomes and people of
4 color, due in part to issues surrounding a lack of access to
5 healthy foods and the targeted marketing by the sugar-sweetened
6 beverage industry. Lower-income populations and people of color
7 also have higher rates of chronic disease due to other social
8 determinants of health, including food and housing insecurity,
9 lack of access to health care, and lack of spaces for safe
10 physical activity. Notably, Pacific Islander, Filipino, and
11 Native Hawaiian populations have the highest rates of chronic
12 disease and sugar-sweetened drink consumption but often reside
13 in communities most severely impacted by health care inequities.

14 Over forty countries and eight major United States cities
15 have implemented sugar-sweetened beverage tax policies, which
16 involve the collection of a tax or fee from sugar-sweetened
17 beverage distributors that is passed on to consumers in the form
18 of price increases that influence purchasing behavior.
19 Jurisdictions with sugar-sweetened beverage taxes such as
20 Berkeley, California, and Philadelphia, Pennsylvania, have seen
21 a reduction in sugar-sweetened beverage consumption of over



1 thirty-three per cent, while sales of bottled water and other
2 healthier options have substantially increased. Further
3 evaluation of data from these jurisdictions shows that overall
4 sales and revenue were not harmed by a fee at the distributor
5 level. A sugar-sweetened beverage fee has instead provided a
6 source of public revenue that has generated millions of dollars
7 to aid in reducing health and socioeconomic disparities.

8 Accordingly, the purpose of this Act is to enact a fee on
9 sugar-sweetened beverages in Hawaii to improve the health of its
10 residents and generate revenues for the State.

11 SECTION 2. This Act shall be known and may be cited as the
12 Healthy Ohana Act of 2026.

13 SECTION 3. Chapter 321, Hawaii Revised Statutes, is
14 amended by adding a new part to be appropriately designated and
15 to read as follows:

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

17 **§321-A Definitions.** As used in this part, unless the
18 context otherwise requires:

19 "Auditor" means the office of the auditor.

20 "Bottle" means any closed or sealed container regardless of
21 size or shape, including but not limited to those made of glass,



1 metal, paper, plastic, or any other material or combination of
2 materials.

3 "Bottled sugar-sweetened beverage" means any sugar-
4 sweetened beverage contained in a bottle that is ready for
5 consumption without further processing, such as dilution or
6 carbonation.

7 "Caloric sweetener" means any substance that:

8 (1) Is suitable for human consumption and is perceived by
9 humans as sweet; and

10 (2) Adds five or more calories per serving to the diet of
11 the person who consumes the substance.

12 "Caloric sweetener" includes without limitation sucrose,
13 fructose, glucose, other sugars, or fruit juice concentrates.

14 "Caloric sweetener" does not include non-caloric sweeteners.

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

17 "Department" means the department of health.

18 "Dietary aids" means:

19 (1) Liquid products manufactured for use as an oral
20 nutritional therapy for persons who cannot absorb or
21 metabolize dietary nutrients from food or beverages;



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

(3) An oral electrolyte solution for infants and children formulated to prevent dehydration due to illness.

"Director" means the director of health.

"Distributor" means any person, including a manufacturer or a wholesale dealer, who receives, stores, manufactures, bottles, or distributes bottled sugar-sweetened beverages, syrup, or powder for sale to a retailer doing business in the State whether or not that person is also a retailer as defined in this section.

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

"Milk substitute without caloric sweetener" means a plant-based beverage in which the principal ingredients by weight are water and grains, nuts, legumes, or seeds. "Milk substitute without caloric sweetener" includes but is not limited to soy milk, almond milk, rice milk, coconut milk, oat milk, hazelnut milk, and flax milk.



1 "Milk without added caloric sweetener" means any beverage
2 whose principal ingredient by weight is natural liquid milk,
3 which is secreted by an animal and consumed by humans, including
4 natural liquid milk regardless of animal source or butterfat
5 content, or natural milk concentrate and dehydrated natural
6 milk, whether or not reconstituted.

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

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

10 (1) Contains fewer than five calories per serving;

11 (2) Is suitable for human consumption; and

12 (3) That humans perceive as sweet.

13 "Non-caloric sweetener" includes without limitation aspartame,
14 saccharin, stevia, and sucralose.

15 "One hundred per cent fruit juice or vegetable juice" means
16 any liquid consisting of one hundred per cent fruit juice or
17 vegetable juice with no added sugar, corn syrup, or caloric
18 sweetener.

19 "Person" means any natural person, partnership, cooperative
20 association, limited liability company, corporation, personal



1 representative, receiver, trustee, assignee, or any other legal
2 entity.

3 "Powder" means any solid mixture of ingredients that
4 contains caloric sweetener that is intended to be used in
5 making, mixing, or compounding a sugar-sweetened beverage by
6 combining the powder with one or more other ingredients.

7 "Retailer" means any person who sells or otherwise
8 dispenses in the State a sugar-sweetened beverage to a consumer,
9 whether or not that person is also a distributor.

10 "Sale" or "sell" means the transfer of title or possession
11 for valuable consideration regardless of the manner in which the
12 transfer is completed.

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

16 "Sugar-sweetened beverage" does not include:

17 (1) Beverages consisting of one hundred per cent fruit
18 juice or vegetable juice with no added caloric
19 sweetener;

20 (2) Milk without added caloric sweetener;

21 (3) Milk substitute without added caloric sweetener;



(4) Dietary aids;

(5) Infant formula;

(6) Sweetened medication such as cough syrup, liquid pain relievers, fever reducers, and similar products; or

(7) Any product commonly used exclusively to mix with alcohol that may exceed five grams or more per serving of caloric sweetener per twelve ounces of fluid that is not a sugar-sweetened beverage, including without limitation margarita mix, bloody mary mix, daiquiri mix, or similar products.

"Sugar-sweetened beverage fee" means the fee imposed pursuant to section 321-C.

"Syrup" means a liquid mixture of ingredients that contains caloric sweetener and that is intended to be used in making, mixing, or compounding a sugar-sweetened beverage by combining the syrup with any one or more other ingredients.

§321-B Distributor registration required; restrictions on sale. (a) Beginning July 1, 2027, every distributor shall register with the department on forms to be prescribed, prepared, and furnished by the department.



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(b) No retailer may sell at retail, or hold out or display for sale at retail, any sugar-sweetened beverage acquired by the retailer on or after June 30, 2027, from a distributor that is not registered with the department pursuant to subsection (a).

§321-C Sugar-sweetened beverage fee. (a) Beginning July 1, 2027, every distributor selling sugar-sweetened beverages in the State shall pay the department a sugar-sweetened beverage fee that is imposed at the following rates:

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

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

(b) A distributor shall add the amount of the sugar-sweetened beverage fee to the price of sugar-sweetened beverages, syrups, and powders sold to a retailer, and the retailer shall pass the amount of the fee on to a consumer as a component of the final retail purchase price. The amount of the



1 sugar-sweetened beverage fee shall be stated separately on all
2 invoices, signs, sales or delivery slips, bills, and statements
3 that advertise or indicate the price of such beverages, syrups,
4 and powders.

5 **§321-D Exemptions.** The following shall be exempt from the
6 sugar-sweetened beverage fee:

7 (1) Bottled sugar-sweetened beverages, syrups, and powders
8 sold by a distributor or retailer expressly for resale
9 or consumption outside the State; and

10 (2) Bottled sugar-sweetened beverages, syrups, and powders
11 sold by a distributor to another distributor that is
12 registered pursuant to section 321-B, if the sales
13 invoice clearly indicates that the sale is exempt;
14 provided that if the sale is to a person who is both a
15 distributor and a retailer, the sale shall also be
16 exempt from the fee and the fee shall be paid when
17 such person resells the product to either a retailer
18 or a consumer; provided further that the exemption
19 under this paragraph shall not apply to any other
20 separate sale to a retailer.



1 **§321-E Form; payment.** Beginning July 1, 2027, every
2 distributor or retailer liable for the sugar-sweetened beverage
3 fee shall file a form identifying all sales of sugar-sweetened
4 beverages made during a period of time specified by the
5 department and submit payment of the sugar-sweetened beverage
6 fee to the department. The form shall be prescribed by the
7 department and shall contain any information that the department
8 deems necessary for the proper administration of the sugar-
9 sweetened beverage fee program.

10 (b) The department shall transfer all revenues generated
11 from the sugar-sweetened beverage fee to the director of finance
12 to be deposited into the general fund on a quarterly basis.

13 **§321-F Records to be kept.** Beginning July 1, 2027, every
14 distributor and retailer shall prepare, maintain, or make
15 available documents involving sugar-sweetened beverages, syrups,
16 and powders, as required by the department and as requested
17 pursuant to section 321-G.

18 **§321-G Audit authority.** The records of the distributor
19 and retailer shall be made available, upon request, for
20 inspection by the department, a duly authorized agent of the
21 department, or the auditor. Any proprietary information



1 obtained by these parties pursuant to this section shall be kept
2 confidential and shall not be disclosed to any other person,
3 except:

4 (1) As may be reasonably required in an administrative or
5 judicial proceeding to enforce any provision of this
6 chapter or any rule adopted pursuant to this chapter;
7 or

8 (2) Under an order issued by a court or administrative
9 agency hearings officer.

10 **§321-H Contract for administrative services.** The
11 department may contract the services of a third party to
12 administer the sugar-sweetened beverage fee program under this
13 part.

14 **§321-I Management and financial audit.** The auditor shall
15 conduct a management and financial audit of the sugar-sweetened
16 beverage fee program for fiscal years 2027-2028 and 2028-2029
17 and every odd-numbered fiscal year thereafter. The auditor
18 shall submit the audit report to the legislature and the
19 department no later than twenty days prior to the convening of
20 the next regular session. The auditor may contract the audit
21 services of a third party to conduct the audit.



1 **§321-J Rules.** The department shall adopt rules pursuant
2 to chapter 91 to effectuate the purposes of this part.

3 **§321-K Civil penalties.** (a) Any person subject to this
4 part who:

5 (1) Fails to pay the entire sugar-sweetened beverage fee
6 by the date that payment is due;

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

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

12 (4) Fails to make payment to the department at the time
13 specified by the department as required by section
14 321-E;

15 (5) Fails to prepare or maintain records required by this
16 part; or

17 (6) Violates any other provision of this part,

18 shall be liable for the fee that is due, a penalty equal to
19 fifty per cent of the fee due, and additional administrative
20 fees, costs, and penalties assessed by the department.



(b) The director, or the director's duly authorized representative, may determine the amount of the sugar-sweetened beverage fee and the penalty due under subsection (a) in the event of any nonpayment or underpayment and demand payment of all sugar-sweetened beverage fees and penalties. Interest shall accrue on nonpayment or underpayment of the sugar-sweetened beverage fee at a rate of eight per cent per year from the date the fee was due, until paid. The director may revoke the distributor registration as a penalty under subsection (a).

(c) Any criminal penalties for any violation of this part shall not be deemed to preclude the State from recovering civil penalties.

§321-L Enforcement. (a) If the director determines that any amount of sugar-sweetened beverage fees, penalties, or interest owed are due, the director shall serve written notice by certified mail upon the person specifying the amount due.

(b) An amount due under subsection (a) shall be payable thirty-one days after the notice is served, unless the person named therein requests in writing a hearing before the director. Whenever a hearing is requested on any sugar-sweetened beverage fee, penalty, or interest imposed pursuant to this part, the



1 amount owed shall become due and payable only upon completion of
2 all review proceedings and the issuance of a final order
3 confirming the fee, penalty, or interest in whole or in part.
4 Upon request for a hearing, the director shall require the
5 requestor to appear before the director for a hearing at the
6 time and place specified in a notice.

7 (c) Any hearing conducted under this section shall be
8 conducted as a contested case under chapter 91. If, after a
9 hearing held pursuant to this section, the director finds that
10 all or a portion of the sugar-sweetened beverage fee, penalty,
11 or interest is due, the director shall take action to collect
12 the amount due as provided by subsection (d). If, after a
13 hearing held on a fee, penalty, or interest contained in a
14 notice, the director finds that no amount is due, the director
15 shall rescind the fee, penalty, or interest.

16 (d) If the amount of any sugar-sweetened beverage fee,
17 penalty, or interest is not paid to the department within thirty
18 days after it becomes due and payable pursuant to this section,
19 the director may institute a civil action in the name of the
20 State to collect the fee, penalty, or interest. In any



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1 proceeding to collect the fee, penalty, or interest imposed, the
2 director need only show that:

- 3 (1) Notice was given;
- 4 (2) A hearing was held, or the time granted for requesting
5 a hearing expired without a request for a hearing;
- 6 (3) The fee, penalty, or interest was imposed; and
- 7 (4) The fee, penalty, or interest remains unpaid.
- 8 (e) In connection with any hearing held pursuant to this
9 section, the director shall have the power to subpoena the
10 attendance of witnesses and the production of evidence on behalf
11 of all parties.

12 **§321-M Distribution of revenues.** Beginning July 1, 2027,
13 all revenues collected from the sugar-sweetened beverage fee,
14 penalty payments, and interest payments imposed pursuant to this
15 part shall be paid to the general fund.

16 **§321-N Evaluation.** The department shall develop criteria
17 and components for an independent evaluation to assess the
18 impact of the sugar-sweetened beverage fee on consumption of
19 products subject to the fee. The evaluation shall seek to
20 determine the impact of the sugar-sweetened beverage fee on
21 sugar-sweetened beverage prices, consumer purchasing behavior,



1 and health outcomes. The reasonable costs of evaluation shall
2 be paid from the healthy ohana special fund and be considered an
3 implementation cost of this part.

4 **§321-O Annual reports.** The department shall provide
5 annual reports on the sugar-sweetened beverage fee program to
6 the legislature and the governor no later than twenty days prior
7 to the convening of the regular session of 2028 and each regular
8 session thereafter. The reports shall contain:

9 (1) Measures of effectiveness;

10 (2) An accounting of revenues generated by the sugar-
11 sweetened beverage fee, interest payments, and penalty
12 payments imposed pursuant to this part in the prior
13 fiscal year; and

14 (3) Descriptions and status of program activities.

15 If administration of the program is contracted to a third party
16 pursuant to section 321-H, a copy of the contract shall be
17 appended to the next applicable report, and the contractor shall
18 abide by these reporting requirements as well.

19 **§321-P Healthy ohana advisory committee.** (a) There is
20 established a healthy ohana advisory committee under the
21 department for administrative purposes.



1 (b) Members of the committee shall be appointed by the
2 director and serve at the director's pleasure.

3 (c) The healthy ohana advisory committee shall identify
4 and recommend programs that advance public health that may be
5 funded by revenue collected from the sugar-sweetened beverage
6 fee, including programs related to:

7 (1) Chronic disease prevention;

8 (2) Food security and hunger mitigation;

9 (3) Agriculture and local food production;

10 (4) Public education;

11 (5) Childhood nutrition;

12 (6) Kupuna assistance; and

13 (7) Access to health care and oral hygiene services.

14 (d) A simple majority of the advisory committee members
15 shall constitute a quorum.

16 (e) The committee, in consultation with the governor and
17 department, shall issue a report of its recommendations,
18 including a list of all projects and programs that may be funded
19 by revenue collected by the fee, to the legislature no later
20 than twenty days prior to the convening of each regular
21 session."



1 SECTION 4. No later than June 30, 2027, the department of
2 health shall adopt interim rules without regard to chapters 91
3 and 201M, Hawaii Revised Statutes, to implement the sugar-
4 sweetened beverage fee program. The interim rules shall remain
5 in effect until January 1, 2028, or until rules are adopted
6 pursuant to section 321-J, Hawaii Revised Statutes, whichever
7 occurs first.

8 SECTION 5. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$250,000 or so much
10 thereof as may be necessary for fiscal year 2026-2027 to
11 establish and administer the sugar-sweetened beverage fee
12 program, including the establishment and hiring of full-
13 time equivalent (FTE) positions and hiring of contractors.

14 The sum appropriated shall be expended by the department of
15 health for the purposes of this Act.

16 SECTION 6. No later than January 1, 2027, the director of
17 health, or the director's designee, shall brief the legislature
18 on the progress of implementing the sugar-sweetened beverage fee
19 program, including the status of any rulemaking by the
20 department of health.



1 SECTION 7. For the purposes of effectuating this Act, the
2 personnel hired and the contracts entered into by the department
3 of health pursuant to this Act shall be exempt from chapter 76,
4 Hawaii Revised Statutes, for a period beginning on July 1, 2026,
5 and ending on June 30, 2027; provided that:

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

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

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

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

17 provided that the employee possesses the minimum
18 qualifications and public employment requirements for
19 the class or position to which the employee has been
20 appointed; provided further that subsequent changes in



1 status shall be made pursuant to all applicable civil
2 service and compensation laws.

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

9 SECTION 9. In codifying the new sections added by section
10 3 of this Act, the revisor of statutes shall substitute
11 appropriate section numbers for the letters used in designating
12 the new sections in this Act.

13 SECTION 10. This Act shall take effect on July 1, 2026.
14

INTRODUCED BY: Karl Rhoads



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Report Title:

Sugar-Sweetened Beverage Fee Program; Fee; Registration; Distributors; Retailers; Advisory Committee; Department of Health; Appropriation

Description:

Establishes the sugar-sweetened beverage fee program. Beginning 7/1/2027, imposes a 2 cent per fluid ounce fee on all sugar-sweetened beverages sold in the State and requires all distributors of sugar-sweetened beverages to register with the Department of Health. On or after 6/30/27, prohibits retailers from selling or displaying for sale any sugar-sweetened beverage acquired from a distributor that is not registered with the Department of Health. Requires management and performance audits. Requires annual reports to the Legislature. Establishes the Healthy Ohana Advisory Committee. 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.

