

JAN 22 2026

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# A BILL FOR AN ACT

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RELATING TO DEPOSIT BEVERAGE CONTAINER RECYCLING.

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

1       SECTION 1. The legislature finds that, as an island state  
2 with limited land space, Hawaii must limit waste generation or  
3 face increasing and costly reliance on off-island waste disposal  
4 and recycling management. The legislature further finds that in  
5 2005, Hawaii implemented a deposit return program for certain  
6 beverage containers that has performed better than curbside  
7 recycling programs, but whose performance and convenience have  
8 declined over time, making it difficult for many residents to  
9 redeem containers and obtain their deposit refunds.

10       The legislature also finds that well-designed deposit  
11 return systems have been proven to significantly reduce litter  
12 and packaging pollution by as much as eighty per cent. These  
13 programs achieve recycling rates between eighty and ninety per  
14 cent and produce high-quality materials that support closed-loop  
15 recycling and reduce reliance on virgin resources.

16       Accordingly, the purpose of this Act is to update the  
17 deposit return program to improve efficiency and performance,



1 reduce burdens on retailers, expand convenient redemption  
2 opportunities, and strengthen environmental and economic  
3 benefits for the State by repealing the existing deposit  
4 beverage container program and replacing it with a program  
5 administered by a recycling refund producer responsibility  
6 organization.

7 SECTION 2. Chapter 342G, Hawaii Revised Statutes, is  
8 amended by adding a new part to be appropriately designated and  
9 to read as follows:

10 **"PART**

11 **RECYCLING REFUND PRODUCER RESPONSIBILITY ORGANIZATION PROGRAM**

12 **§342G-A Definitions.** As used in this chapter, unless the  
13 context otherwise requires:

14 "Brand" means a name, symbol, word, logo, or mark that  
15 identifies an item and attributes the item and its components,  
16 including packaging, to the brand owner of the item.

17 "Brand owner" means a person or entity that owns or  
18 licenses a brand or that otherwise has rights to market a  
19 product under the brand, whether or not the brand's trademark is  
20 registered.



1 "Consumer" means a person who buys a beverage in a deposit  
2 beverage container for use or consumption and pays the deposit.

3 "Contracted redemption pick-up operators" means affiliated  
4 or unaffiliated companies or organizations that provide  
5 individualized valet or pick-up services of aggregated deposit  
6 beverage containers for single-family or multifamily households.

7 "Dealer" means a person that engages in the sale of  
8 beverages in deposit beverage containers to a consumer for off-  
9 premises consumption in the State.

10 "Department" means the department of health.

11 "Deposit beverage" means beer, ale, or other drink produced  
12 by fermenting malt; mixed spirits; mixed wine; tea and coffee  
13 drinks regardless of dairy-derived product content; soda;  
14 noncarbonated water; and all nonalcoholic drinks in liquid form  
15 that are intended for internal human consumption and are  
16 contained in a deposit beverage container.

17 "Deposit beverage" does not include:

18 (1) A liquid that is:

19 (A) A syrup;

20 (B) In a concentrated form; or



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- 1 (C) Typically added as a minor flavoring ingredient  
2 in food or drink, such as extracts, cooking  
3 additives, sauces, or condiments;
- 4 (2) A liquid that is a drug, medical food, or infant  
5 formula as defined by the Federal Food, Drug, and  
6 Cosmetic Act (21 U.S.C. 301 et seq.);
- 7 (3) A single serving of one ounce or less of a dietary  
8 supplement as defined in the Dietary Supplement Health  
9 and Education Act of 1994 (P.L. 103-417);
- 10 (4) A liquid that the department finds to be the sole item  
11 of a meal or diet;
- 12 (5) Products frozen at the time of sale to the consumer,  
13 or, in the case of institutional users such as  
14 hospitals and nursing homes, at the time of sale to  
15 the users;
- 16 (6) Products designed to be consumed in a frozen state;
- 17 (7) Instant drink powders;
- 18 (8) Seafood, meat, or vegetable broths, or soups, but not  
19 juices; and



(9) Milk and all other dairy-derived products, except tea and coffee drinks with trace amounts of these products.

"Deposit beverage container" means the individual, separate, sealed glass, polyethylene terephthalate, high density polyethylene, or metal container less than or equal to sixty-eight fluid ounces, used for containing, at the time of sale to the consumer, a deposit beverage intended for use or consumption in this State.

"De minimis producer" means a producer that:

(1) In its most recent fiscal year introduced into commerce in the State less than one ton of deposit beverage containers;

(2) Has a global gross revenue, not including on-premises alcohol sales, for the prior fiscal year of:

(A) Until , , less than \$5,000,000; or

(B) Beginning , , less than \$5,000,000,

as adjusted for inflation,

adjusted for inflation by the department on an annual basis using the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau



1                   of Labor Statistics of the federal Department of  
2                   Labor, beginning                   ,                   .  
3                   "Express redemption site" means a designated return  
4                   location that allows consumers to return deposit beverage  
5                   containers but do not provide cash handling on-site and instead  
6                   may transport deposit beverage containers to processing  
7                   facilities and offer credits in the form of refunds to a  
8                   consumer's virtual account that is held by the producer  
9                   responsibility organization or their designee. "Express  
10                  redemption site" includes bag-drop systems, reverse vending  
11                  machines, or other redemption modalities that enhance  
12                  convenience and accessibility for consumers.  
13                  "Full-service redemption site" means a return location  
14                  where consumers may return deposit beverage contains to receive  
15                  immediate refunds.  
16                  "Person" means individual, partnership, firm, association,  
17                  public or private corporation, federal agency, the State or any  
18                  of its political subdivisions, trust, estate, or any other legal  
19                  entity.  
20                  "Producer" means the brand owner responsible for the brand  
21                  visible on a deposit beverage container and that is responsible



1 for compliance with the requirements of this part for a deposit  
2 beverage container that is introduced, either physically or via  
3 electronic commerce, in the State. "Producer" includes the  
4 person that:

5 (1) Is the importer of record for the deposit beverage  
6 container into the United States for use in a  
7 commercial enterprise that sells, offers for sale, or  
8 distributes the item in this State; or

9 (2) First distributes the deposit beverage container in or  
10 into this State.

11 "Producer" does not include government entities or  
12 charitable organizations or social welfare organizations exempt  
13 from federal taxation under section 501(c)(3) or 501(c)(4) of  
14 the Internal Revenue Code of 1986, as amended.

15 "Recycling facility" means all contiguous land and  
16 structures and other appurtenances, and improvements on the land  
17 used for the collection, separation, recovery, and sale or reuse  
18 of secondary resources that would otherwise be disposed of as  
19 municipal solid waste and is an integral part of a manufacturing  
20 process aimed at producing a marketable product made of  
21 postconsumer material.



1 "Recycling refund producer responsibility organization" or  
2 "producer responsibility organization" means a nonprofit  
3 corporation that is exempt from federal taxation under section  
4 501(c)(3) of the Internal Revenue Code of 1986, as amended,  
5 created by a group of producers to carry out the obligations of  
6 producers under this part.

7 "Redeemer" means a person, other than a dealer or  
8 distributor, that demands the refund value in exchange for the  
9 empty deposit beverage container.

10 "Redemption center" means an operation that accepts from  
11 consumers and provides the refund value for empty deposit  
12 beverage containers intended to be recycled and ensures that the  
13 empty deposit beverage containers are properly recycled.

14 "Reverse vending machine" means a mechanical device that  
15 accepts one or more types of empty deposit beverage containers,  
16 issues a redeemable credit slip with a value not less than the  
17 container's refund value.

18 **§342G-B Recycling refund producer responsibility**  
19 **organization.** (a) Each producer in the State shall register  
20 with and be a member of a producer responsibility organization  
21 within six months after a producer responsibility organization





1 is approved by the department and shall comply with all  
2 requirements under this part.

3 (b) A producer responsibility organization shall establish  
4 a schedule of membership fees to be paid by members of the  
5 organization; provided that de minimis producers shall not be  
6 required to pay membership fees.

7 (c) A producer responsibility organization shall be  
8 approved by the department no later than one year after the  
9 effective date of this Act.

10 (d) The department shall develop and charge the producer  
11 responsibility organization for the estimated costs of the  
12 department to implement, administer, and enforce the  
13 requirements under this part no later than , .

14 (e) A producer responsibility organization shall develop  
15 reporting requirements for producers on the type and number of  
16 beverage containers sold in the State.

17 (f) A producer responsibility organization shall maintain  
18 a registry of all types of deposit beverage containers  
19 introduced and redeemed in the State by all registered  
20 producers.



1 (g) Beginning , , a producer responsibility  
2 organization shall submit an annual report to the department  
3 that demonstrates its compliance with the approved program plan  
4 and meets the criteria outlined in section 342G-D.

5 (h) A producer responsibility organization shall maintain  
6 a website that includes a searchable database of current  
7 redemption sites and a list of all brands and producers  
8 participating in the program.

9 **§342G-C Administrative fees; administrative costs.** The  
10 department shall set an annual administrative fee to be paid by  
11 the producer responsibility organization to fund administrative,  
12 audit, and compliance activities associated with this part.

13 **§342G-D Producer responsibility organization program plan.**

14 (a) A producer responsibility organization shall develop and  
15 submit a program plan for approval to the department every five  
16 years. The program plan shall include:

17 (1) A proposed list of the types and sizes of deposit  
18 beverage containers included in the recycling refund  
19 program;

20 (2) The fee structure for producer membership fees;



- 1 (3) A description of the redemption network provided by  
2 the producer responsibility organization that shall  
3 ensure convenient access for all redeemers;
- 4 (4) A description of how the producer responsibility  
5 organization intends to:
- 6 (A) Work with and fairly compensate existing  
7 redemption centers; provided that the fair  
8 compensation approach for existing redemption  
9 centers developed by the producer responsibility  
10 organization shall be approved by the department;
- 11 (B) Develop new redemption opportunities; and
- 12 (C) Ensure convenience standards are met;
- 13 (5) Operating standards that independent redemption  
14 centers shall follow to be compensated by the producer  
15 responsibility organization;
- 16 (6) Proposed performance targets for the program and a  
17 description of how the producer responsibility  
18 organization intends to achieve these performance  
19 targets;
- 20 (7) Planned education and outreach activities to promote  
21 the program, ensure consumers know which deposit



1 beverage containers are redeemable, and provide  
2 consumers with convenient access to redemption  
3 opportunities;

4 (8) A description of how the producer responsibility  
5 organization plans to work with the department to  
6 identify instances of fraud and prevent fraud in the  
7 program; and

8 (9) Incentives for dealers and retailers that choose to  
9 act as certified redemption centers.

10 (b) The program plan shall be submitted after the  
11 department conducts rulemaking pursuant to section 342G-R.

12 **§342G-E Department approval; program plan.** (a) The  
13 department shall approve or deny a program plan developed  
14 pursuant to section 342G-D no later than days after  
15 submittal by a producer responsibility organization.

16 (b) In approving a program plan, the department shall  
17 consider:

18 (1) Whether the producer responsibility organization  
19 describes operating standards and a compensation  
20 mechanism that fairly includes independent redemption  
21 centers in the redemption network; and



(2) Whether the program plan meets the convenience standards pursuant to section 342G-Q, including whether the proposed redemption network:

(A) Accounts for the total population, population density, and sales of deposit beverage containers in regions of the State; and

(B) Includes a broad range of entities that may opt to serve as a redemption location, including municipal facilities, public spaces, institutions, schools, nonprofit organizations, retailers, religious and charitable organizations, sporting events, and recycling facilities.

**§342G-F Producer responsibility organization; fees.** (a)

In addition to setting and collecting membership fees under section 342G-B(b), the producer responsibility organization shall set and collect fees on a frequency defined in the program plan. The fees shall:

(1) Vary based on the total amount of deposit beverage containers each producer introduces in the State; and



(2) Reflect program costs for each deposit beverage container type, net of commodity value for that material type when used as a recycling material, as well as allocated fixed costs that do not vary based on material type.

(b) After the first program plan, the recycling refund producer responsibility organization shall consider incentivizing using materials and design attributes that reduce the environmental impacts and human health impacts of deposit beverage containers.

**§342G-G Beverage deposit; refund value. (a)**

By , , every deposit beverage container sold or offered for sale for off-site consumption in the State shall have a refund value of 5 cents. Each deposit beverage container shall have the refund value clearly indicated on it as provided in section 342G-H.

(b) The refund value shall be stated on a receipt, invoice, or similar billing document given to the consumer and shall not be embedded into the price of the deposit beverage. Deposit beverage containers shall have a visible brand and universal product code to be eligible for refund by a consumer.



1 (c) The refund value shall be the amount of the deposit  
2 required. Once a refund value has been applied to a deposit  
3 beverage container, the deposit on that deposit beverage  
4 container shall not be changed and shall be paid to the producer  
5 responsibility organization.

6 (d) The deposit on each filled deposit beverage container  
7 shall be paid by the producer.

8 **§342G-H Deposit beverage container requirements. (a)**

9 Except as provided in subsection (b), every deposit beverage  
10 container sold in the State shall clearly indicate the refund  
11 value of the deposit beverage container and the word "Hawaii" or  
12 the letters "HI". The names or letters representing the names  
13 of other states with comparable deposit legislation may also be  
14 included in the indication of refund value. The refund value on  
15 every deposit beverage container shall be clearly, prominently,  
16 and indelibly marked by painting, printing, scratch embossing,  
17 raised letter embossing, or securely affixed stickers and shall  
18 be affixed on the top or side of the container in letters at  
19 least one-eighth inch in size.

20 (b) Subsection (a) shall not apply to any type of  
21 refillable glass deposit beverage container that has a brand



1 name permanently marked on it and that has the equivalent of a  
2 refund value of at least 5 cents, which is paid upon receipt of  
3 the container by a dealer or deposit beverage distributor.

4 (c) A producer responsibility organization may describe  
5 through its program plan how producers shall be required to  
6 label their deposit beverage containers for identification under  
7 the program if additional containers are added to the program.

8 (d) Containers that do not meet the definition of a  
9 deposit beverage container shall not indicate "Hawaii" or "HI"  
10 on the container.

11 **§342G-I Payment; producer data report.** (a) Each producer  
12 shall regularly generate and submit to the producer  
13 responsibility organization, as set by the producer  
14 responsibility organization, a report on the net number of  
15 deposit beverage containers sold, donated, or transferred by  
16 container size and type. All information contained in the  
17 reports, including confidential commercial and financial  
18 information, shall be treated as confidential and protected to  
19 the extent allowed by state law.

20 (b) Payment of the deposit beverage container fee pursuant  
21 to subsection (a) shall be paid to the producer responsibility





1 organization on a schedule set by the producer responsibility  
2 organization.

3 **§342G-J Redemption centers.** (a) Redemption centers  
4 shall:

5 (1) Accept all types of empty deposit beverage containers  
6 for which a deposit has been paid;

7 (2) Verify that all deposit beverage containers to be  
8 redeemed bear a valid Hawaii refund value;

9 (3) Pay to the redeemer the full refund value in either  
10 cash or a redeemable voucher for all deposit beverage  
11 containers, except as provided in section 342G-L;

12 (4) Ensure each deposit beverage container collected is  
13 recycled through a contractual agreement with an out-  
14 of-state recycler or an in-state recycling facility  
15 permitted by the department; provided that this  
16 paragraph shall not apply if the redemption center is  
17 operated by a recycler permitted by the department;  
18 and

19 (5) Remain open at least thirty hours per week in high  
20 density population areas, of which at least five hours  
21 shall be on Saturday or Sunday.



(b) Redemption centers' redemption areas shall be maintained in full compliance with applicable laws and the orders and rules of the department, including permitting requirements if deemed necessary, under chapter 342H.

**§342G-K Reverse vending machine requirements. (a)**

Reverse vending machines may be used by redemption centers. Reverse vending machines shall accept any type of empty deposit beverage container and pay out the full refund value in either cash or a redeemable voucher for those containers that bear a valid Hawaii refund value. The refund value payments shall be aggregated and then paid if more than one deposit beverage container is redeemed in a single transaction. If the reverse vending machine is unable to read the barcode then the reverse vending machine shall reject the container.

(b) The reverse vending machine shall be routinely serviced to ensure proper operation and continuous acceptance of empty deposit beverage containers and payment of the refund value.

**§342G-L Refusal or refund value payment for a deposit beverage container.** Redemption centers shall refuse to pay the



1 refund value on any broken, corroded, or dismembered deposit  
2 beverage container, or any deposit beverage container that:

3 (1) Contains a free-flowing liquid;

4 (2) Does not properly indicate a refund value;

5 (3) Contains a significant amount of foreign material; or

6 (4) Exhibits characteristics of having been previously  
7 processed and baled.

8 **§342G-M Advisory committee.** The department shall convene  
9 an advisory committee to assist in developing the rules needed  
10 to implement this chapter. The department shall select members  
11 of the committee so as to obtain input on the state level as  
12 well as assess the impact on each individual county, consumers,  
13 recyclers, and the beverage industry. Members of the committee  
14 shall be appointed by the director and shall serve at the  
15 director's pleasure. A simple majority of the committee members  
16 shall constitute a quorum for the purposes of recommending rules  
17 and providing input to the director.

18 **§342G-N Sales prohibitions.** Beginning , , no  
19 producer shall sell or offer for sale in the State any deposit  
20 beverage container unless the producer is registered with and in



1 compliance with an approved recycling refund producer  
2 responsibility organization pursuant to this part.

3       **§342G-O Third party audit.** The producer responsibility  
4 organization shall hire a third-party auditor every other year  
5 to audit the organization.

6       **§342G-P Unredeemed deposits.** Any unredeemed deposits  
7 shall be held by the producer responsibility organization and  
8 used for program operation and system improvements.

9       **§342G-Q Redemption network convenience standards.** (a)  
10 The producer responsibility organization shall propose in its  
11 program plan a quantitative convenience standard, such as number  
12 of redemption opportunities, for approval by the department,  
13 based on measurable criteria, such as travel time and distance.

14       (b) Additional convenience standard requirements shall  
15 include:

- 16       (1) Appropriately convenient and equitable access in  
17           urban, suburban, and rural areas, using multiple  
18           redemption modalities, including independent  
19           redemption centers, express redemption sites, full-  
20           service redemption sites, alternative redemption  
21           options, and contracted redemption pick-up operators;



- (2) Proximity of redemption opportunities to retail establishments associated with a majority of beverage container sales in an area;
- (3) No additional vehicle miles traveled for rural access;
- (4) Accessible and convenient access for individuals relying on public transportation; and
- (5) Reasonable opportunities for individuals to receive immediate deposit refunds.

**§342G-R Rules.** The department shall adopt rules pursuant to chapter 91 necessary for the purposes of this part.

SECTION 3. Section 36-27, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Except as provided in this section, and notwithstanding any other law to the contrary, from time to time, the director of finance, for the purpose of defraying the prorated estimate of central service expenses of government in relation to all special funds, except the:

- (1) Special out-of-school time instructional program fund under section 302A-1310;
- (2) School cafeteria special funds of the department of education;



- 1 (3) Special funds of the University of Hawaii;
- 2 (4) Convention center enterprise special fund under
- 3 section 201B-8;
- 4 (5) Special funds established by section 206E-6;
- 5 (6) Aloha Tower fund created by section 206J-17;
- 6 (7) Funds of the employees' retirement system created by
- 7 section 88-109;
- 8 (8) Hawaii hurricane relief fund established under chapter
- 9 431P;
- 10 (9) Hawaii health systems corporation special funds and
- 11 the subaccounts of its regional system boards;
- 12 (10) Universal service fund established under section 269-
- 13 42;
- 14 (11) Emergency and budget reserve fund under section 328L-
- 15 3;
- 16 (12) Public schools special fees and charges fund under
- 17 section 302A-1130;
- 18 (13) Sport fish special fund under section 187A-9.5;
- 19 (14) Neurotrauma special fund under section 321H-4;
- 20 (15) Glass advance disposal fee established by section
- 21 342G-82;



- 1 (16) Center for nursing special fund under section 304A-  
2 2163;
- 3 (17) Passenger facility charge special fund established by  
4 section 261-5.5;
- 5 (18) Solicitation of funds for charitable purposes special  
6 fund established by section 467B-15;
- 7 (19) Land conservation fund established by section 173A-5;
- 8 (20) Court interpreting services revolving fund under  
9 section 607-1.5;
- 10 (21) Trauma system special fund under section 321-22.5;
- 11 (22) Hawaii cancer research special fund;
- 12 (23) Community health centers special fund;
- 13 (24) Emergency medical services special fund;
- 14 (25) Rental motor vehicle customer facility charge special  
15 fund established under section 261-5.6;
- 16 (26) Shared services technology special fund under section  
17 27-43;
- 18 (27) Automated victim information and notification system  
19 special fund established under section 353-136;
- 20 ~~(28) Deposit beverage container deposit special fund under~~  
21 ~~section 342G-104;~~



1       ~~(29)~~ (28) Hospital sustainability program special fund  
2                   under section 346G-4;  
3       ~~(30)~~ (29) Nursing facility sustainability program special  
4                   fund under section 346F-4;  
5       ~~(31)~~ (30) Hawaii 3R's school improvement fund under  
6                   section 302A-1502.4;  
7       ~~(32)~~ (31) After-school plus program revolving fund under  
8                   section 302A-1149.5;  
9       ~~(33)~~ (32) Civil monetary penalty special fund under  
10                  section 321-30.2;  
11       ~~(34)~~ (33) Stadium development special fund under section  
12                  109-3.5; and  
13       ~~(35)~~ (34) Universal immunization purchase special fund  
14                  under section ~~[+]~~325-133~~[+]~~,  
15 shall deduct five per cent of all receipts of all other special  
16 funds, which deduction shall be transferred to the general fund  
17 of the State and become general realizations of the State. All  
18 officers of the State and other persons having power to allocate  
19 or disburse any special funds shall cooperate with the director  
20 in effecting these transfers. To determine the proper revenue  
21 base upon which the central service assessment is to be





1 calculated, the director shall adopt rules pursuant to chapter  
2 91 for the purpose of suspending or limiting the application of  
3 the central service assessment of any fund. No later than  
4 twenty days prior to the convening of each regular session of  
5 the legislature, the director shall report all central service  
6 assessments made during the preceding fiscal year."

7 SECTION 4. Section 235-18, Hawaii Revised Statutes, is  
8 repealed.

9 ~~["~~[S235-18]~~ Deposit beverage container deposit exemption.~~  
10 ~~This chapter shall not apply to amounts received as a deposit~~  
11 ~~beverage container deposit collected under part VIII of chapter~~  
12 ~~342G-"]~~

13 SECTION 5. Section 445-231, Hawaii Revised Statutes, is  
14 amended by amending the definition of "beer keg" to read as  
15 follows:

16 ""Beer keg" means a metal container used to hold five  
17 gallons or more of liquid that is stamped, engraved, stenciled,  
18 or otherwise marked with the name of a brewery manufacturer;  
19 provided that a deposit beverage container, as defined under  
20 section ~~[342G-101,]~~ 342G-A shall not be considered a beer keg."



SECTION 6. Section 708-835.8, Hawaii Revised Statutes, is amended by amending subsection (2) to read as follows:

"(2) For the purposes of this section, "beer keg" means a metal container used to hold five gallons or more of liquid that is stamped, engraved, stenciled, or otherwise marked with the name of a brewery manufacturer; provided that a deposit beverage container, as defined under section [~~342G-101,~~] 342G-A, shall not be considered a beer keg."

SECTION 7. Chapter 342G, part VIII, Hawaii Revised Statutes, is repealed.

SECTION 8 In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

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

SECTION 10. This Act shall take effect on July 1, 2026; provided that any remaining balance in the deposit beverage container deposit special fund shall lapse to the credit of the general fund.



S.B. NO. 2474

INTRODUCED BY: Mike Gabbard



# S.B. NO. 2474

**Report Title:**

Recycling; Deposit Beverage Containers; Recycling Refund  
Producer Responsibility Organization Program; Deposit Beverage  
Container Program

**Description:**

Repeals the Deposit Beverage Container Program and replaces it  
with the Recycling Refund Producer Responsibility Organization  
Program.

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

