

STAND. COM. REP. NO. 2291

Honolulu, Hawaii

FEB 17 2026

RE: S.B. No. 3138
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.B. No. 3138 entitled:

"A BILL FOR AN ACT RELATING TO INDEPENDENT AUDITS OF DEPOSIT BEVERAGE DISTRIBUTORS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Limit the independent audit requirement under the State's Deposit Beverage Container Program to deposit beverage distributors who distribute two million or more deposit beverage containers a year;
- (2) Identify the frequency of obtaining and submitting independent audits based on quantities of deposit beverage containers imported, manufactured, or distributed; and
- (3) Create minimum requirements for independent audits.

Your Committee received testimony in support of this measure from the Department of Health, Hawaii Food Industry Association, ABC Stores, Down to Earth Organic & Natural, and Meadow Gold Dairies Hawaii.



Your Committee received testimony in opposition to this measure from the Hawaii Liquor Wholesalers Association and Reynold's Recycling.

Your Committee received comments on this measure from the Maui Brewing Co., Tax Foundation of Hawaii, and Lanikai Brewing Company LLC.

Your Committee finds that existing law requires all deposit beverage container distributors to obtain independent audits every year ending in an odd number. Your Committee further finds that the independent audit requirement has caused financial hardship to small businesses. In some cases, the cost of obtaining an independent audit exceeded the amount of deposits and container fees paid by a distributor to the Department of Health. This measure strikes a balance between holding deposit beverage container distributors accountable through audits and alleviating the financial burden of these audits on the small business community.

Your Committee has amended this measure by:

- (1) Clarifying that deposit beverage distributors who distribute fewer than five million, rather than two million, deposit beverage containers in a calendar year shall be exempt from the requirement of an independent audit;
- (2) Inserting language to require the Department of Health to develop a web-based system to allow for online submission by deposit beverage distributors for required reports;
- (3) Inserting an effective date of January 30, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3138, as amended herein, and recommends that it pass



Second Reading in the form attached hereto as S.B. No. 3138,
S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Health and Human Services
HHS

*Only one measure per Record of Votes