

Honolulu, Hawaii

MAY 01 2026

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

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

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 3138, S.D. 1, H.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to require:

- (1) Deposit beverage distributors to obtain independent audits at certain frequencies based on the amount of deposit beverage containers distributed;
- (2) Independent audits to assess specific criteria and report certain information; and
- (3) The Department of Health to develop a web-based system to allow online submission of reports.



Your Committee on Conference finds that existing law requires all deposit beverage container distributors to obtain independent audits every year ending in an odd number. Your Committee on Conference 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 mitigates the financial impact of audit requirements on small businesses by eliminating or reducing the frequency of required audits for smaller deposit beverage distributors.

Your Committee on Conference has amended this measure by:

- (1) Reverting to the language of the S.D. 1 version of this measure to specify that:
 - (A) Deposit beverage distributors who distribute at least seventy-five million deposit beverage containers in a calendar year ending in an even number shall obtain an independent audit for the following calendar year;
 - (B) Deposit beverage distributors who distribute at least five million but fewer than seventy-five million deposit beverage containers in a calendar year ending in four or nine shall obtain independent audits for the following calendar year; and
 - (C) Deposit beverage distributors who distribute fewer than five million deposit beverage containers in a calendar year shall be exempt from the audit requirements;
- (2) Making it effective upon its approval; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3138, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3138, S.D. 1, H.D. 1, C.D. 1.



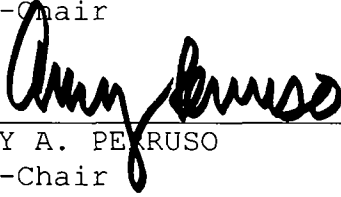
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



NICOLE E. LOWEN
Co-Chair



AMY A. PERUSO
Co-Chair



JOY A. SAN BUENAVENTURA
Chair



SHARON MORIYAKI
Co-Chair



Hawai'i State Legislature

Record of Votes of a
Conference Committee

LR 103-26

4/30

Jas

Bill / Concurrent Resolution No.: SB 3138, SD 1, HD 1	Date/Time: 4/24 / 2026 10:02 AM
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
SAN BUENAVENTURA, Joy A., Chr.	/	/			LOWEN, Nicole E., Co-Chr.	/			
MORIWAKI, Sharon Y., Co-Chr.	/				PERRUSO, Amy A., Co-Chr.	/			
MCKELVEY, Angus L.K.				/	AMATO, Terez	/			
					MATSUMOTO, Lauren	/			
TOTAL	2	-	-	1	TOTAL	4	-	-	-

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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