

STAND. COM. REP. NO. 2762

Honolulu, Hawaii

MAR 05 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 Ways and Means, to which was referred S.B. No. 3138, S.D. 1, 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 reduce financial hardships to small businesses participating in the State's Deposit Beverage Container Program.

Specifically, this measure:

- (1) Repeals the requirement that every deposit beverage distributor must obtain a biennial independent audit, and instead provides that deposit beverage distributors who distribute:
 - (A) At least seventy-five million deposit beverage containers in a year must obtain an independent audit every two years;
 - (B) At least five million but fewer than seventy-five million beverage deposit containers in a year must obtain an independent audit every five years; and



(C) Fewer than five million deposit beverage containers are exempt from the independent audit requirement; and

(2) Establishes minimum requirements for independent audits.

Your Committee received written comments in support of this measure from the Department of Health, Maui Brewing Company, Chamber of Commerce Hawaii, Hawaii Food Industry Association, Down to Earth Organic and Natural, Lanikai Brewing Company, Big Island Brewhaus LLC, Hawaii Liquor Wholesalers Association, and Hanalei Spirits Distillery Corporation.

Your Committee received written comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that current law requires deposit beverage distributors to obtain independent audits for years that end in odd numbers. Your Committee further finds that this requirement has caused financial hardships for small businesses participating in the Deposit Beverage Container Program. This measure attempts to mitigate the financial impact on small businesses by eliminating or reducing the frequency of required audits for smaller deposit beverage distributors.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3138, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



