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## A BILL FOR AN ACT

RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM.

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

1           SECTION 1. The legislature finds that, according to the  
2 audit of the deposit beverage container program, the program is  
3 poorly managed. One of the key findings of the report is the  
4 overreliance on the self-reporting of bottle distributors and  
5 redemption centers. Further, four redemption centers that were  
6 part of the audit refused to provide support for amounts  
7 redeemed and requested reimbursements.

8           Accordingly, the legislature finds that the suspected over-  
9 reporting by redemption centers and under-reporting by  
10 distributors likely resulted in an overestimate of the  
11 redemption rate and subsequent increase in the deposit beverage  
12 container fee. Further, the increase of the deposit beverage  
13 container fee does not resolve the oversight challenges noted in  
14 the audit but does result in fee payers shouldering an increased  
15 financial burden due to the lack of oversight.

16           The purpose of this Act is to ensure that problems  
17 associated with the deposit beverage container program are



1 resolved through corrective actions rather than fiscal solutions  
2 that perpetuate the underlying nonfeasance.

3 SECTION 2. (a) Notwithstanding section 342G-102, Hawaii  
4 Revised Statutes, or any other statute or rule to the contrary,  
5 the director of health shall set the deposit beverage container  
6 fee assessed on deposit beverage distributors at one cent per  
7 container during the period from the effective date of this Act  
8 to the time that the department of health has addressed all of  
9 the recommendations of the auditor pursuant to the State of  
10 Hawaii Deposit Beverage Container Deposit Special Fund Financial  
11 and Program Audit of 2010.

12 (b) Notwithstanding any provision to the contrary, any  
13 statute or rule that provides for an automatic increase to the  
14 deposit beverage container fee as a result of a certain  
15 redemption rate shall not be effective during the period from  
16 the effective date of this Act to the time that the department  
17 of health has addressed all of the recommendations of the  
18 auditor pursuant to the State of Hawaii Deposit Beverage  
19 Container Deposit Special Fund Financial and Program Audit of  
20 2010.

21 (c) There shall be no exception to the requirements of  
22 subsections (a) and (b).



1 SECTION 3. The department of health shall submit a report  
 2 to the legislature, no later than twenty days prior to the  
 3 convening of the regular session of 2014, regarding the actions  
 4 taken to address the recommendations of the auditor pursuant to  
 5 the State of Hawaii Deposit Beverage Container Deposit Special  
 6 Fund Financial and Program Audit of 2010 and make findings and  
 7 recommendations, including any proposed legislation.

8 SECTION 4. This Act shall take effect upon its approval.  
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# H.B. NO. 1021

**Report Title:**

Deposit Beverage Container Fee; Moratorium on Administration Fee Increase

**Description:**

Requires the director of health to set the deposit beverage container fee at one cent per container until DOH addresses all of the recommendations of the auditor pursuant to the State of Hawaii Deposit Beverage Container Deposit Special Fund Financial and Program Audit of 2010.

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