

JAN 17 2020

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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. Chapter 342G, Hawaii Revised Statutes, is  
2 amended by adding a new section to part VIII to be appropriately  
3 designated and to read as follows:

4           "§342G- Risk-based selection process; audit. (a) The  
5 department shall develop a risk-based process to select  
6 distributor and redemption center reports submitted to the  
7 deposit beverage container program for periodic audit. The  
8 department may hire personnel or external consultants to perform  
9 audits. In developing a risk-based process to monitor  
10 distributors and redemption centers, the department shall:

11           (1) Consider a variety of risk factors, including the  
12           amount of money transacted, prior audit findings, and  
13           the frequency of the distributor's or redemption  
14           center's prior audits;

15           (2) Require distributors to send monthly distribution  
16           report form supporting records, such as schedule of  
17           invoices, shipping documents, and point-of-sale



1           reports, to the deposit beverage container program on  
2           a periodic basis; and

3       (3) Ensure that the audit process includes a risk  
4           assessment derived from distributor and redemption  
5           center data based on the reports submitted, including  
6           but not limited to performing analytics and trend  
7           analysis to target certain distributors and redemption  
8           centers with unusual fluctuations.

9       (b) The department shall:

10       (1) Summarize the results of distributor and redemption  
11           center audits and assess whether enforcement actions  
12           should be considered to ensure amounts that are being  
13           reported are appropriate;

14       (2) Consider conducting follow-up audits; and

15       (3) Consider public announcements of violations.

16       (c) The department shall modify the deposit beverage  
17       container requirements, including but not limited to requiring  
18       distributors to:

19       (1) Develop and submit to the program for approval an  
20           internal control process to ensure that accurate data



1           is entered on the monthly distribution report and  
2           adequate records are maintained; and

3           (2) Obtain independent audits for years ending in odd-  
4           numbers.

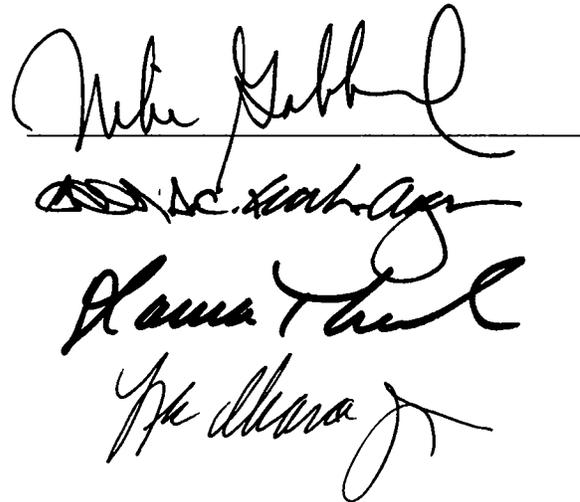
5           (d) The deposit beverage container program shall require  
6 all redemption centers to install reverse vending machines or  
7 other type of mechanical devices approved by the program at all  
8 redemption center locations."

9           SECTION 2. New statutory material is underscored.

10          SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:





# S.B. NO. 2721

**Report Title:**

Deposit Beverage Container Program; Auditor Recommendations;  
Risk-Based Selection Process; Distributors; Redemption Centers

**Description:**

Requires the department of health to implement the auditor's recommendations for the deposit beverage container program, including developing a risk-based selection process to select reports submitted by distributors and redemption centers for audit.

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

