
A BILL FOR AN ACT

RELATING TO SUGAR-SWEETENED BEVERAGES.

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

1 SECTION 1. There is a need to continue to invest in the
2 health of Hawaii's keiki and ohana. This Act provides an
3 innovative way to improve the health of Hawaii's families
4 through a sugar-sweetened beverage fee. The revenues from such
5 a fee would provide a dedicated source of funding in Hawaii to
6 accelerate the progress in promoting health and preventing
7 obesity and chronic disease prevention, particularly among
8 children and families, with the ultimate goal of reducing
9 healthcare costs.

10 A 2017 study conducted by the Harvard T.H. Chan School of
11 Public Health and the Hawaii Department of Health found that a
12 sugary drink fee has major cost-savings. Passage of a two-cent
13 per ounce sugar-sweetened beverage fee is projected to result in
14 lower levels of sugar-sweetened beverage consumption, fewer
15 cases of obesity, fewer deaths and health care savings greater
16 than fifty-nine million dollars over a ten year period. A two-
17 cent per ounce fee is also projected to raise as much as

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1 \$65,800,000 in 2020 according to the Rudd Center Revenue
2 Calculator for Sugary Drink Taxes.

3 The consumption of sugar-sweetened beverages is linked to
4 serious health problems, including but not limited to weight
5 gain, obesity, prediabetes, diabetes, tooth decay, heart
6 disease, and other health problems. In Hawaii, one out of four
7 middle and high school youth and more than half of adults are
8 overweight or obese. Sixty-one per cent of Hawaii adults are
9 living with at least one chronic disease such as diabetes, heart
10 disease, or cancer. A 2016 report found that seventy-one per
11 cent of third graders in Hawaii were affected by tooth decay,
12 making Hawaii the state with the highest prevalence of tooth
13 decay among third graders in the nation. The State also
14 received a failing grade in a series of oral health report cards
15 released by the Pew Center on the States. Comprehensive and
16 sustainable interventions are needed to curb the healthcare
17 costs of obesity and chronic diseases and to create the cultural
18 and societal changes to ensure that healthy choices and
19 lifestyles are the norm for Hawaii's keiki and ohana.

20 SECTION 2. Chapter 321, Hawaii Revised Statutes, is
21 amended by adding a new part to be appropriately designated and
22 to read as follows:

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1 **"PART . SUGAR-SWEETENED BEVERAGE FEE PROGRAM**

2 **§321- Definitions.** As used in this part, unless the
3 context otherwise requires:

4 "Auditor" means the office of the auditor established
5 pursuant to chapter 23.

6 "Bottle" means any closed or sealed container regardless of
7 size or shape, including but not limited to those made of glass,
8 metal, paper, plastic, or any other material or combination of
9 materials.

10 "Bottled sugar-sweetened beverage" means any sugar-
11 sweetened beverage contained in a bottle that is ready for
12 consumption without further processing, such as dilution or
13 carbonation.

14 "Caloric sweetener" means any substance containing calories
15 suitable for human consumption, that humans perceive as sweet,
16 and includes, without limitation, sucrose, fructose, glucose,
17 other sugars, or fruit juice concentrates. "Caloric sweetener"
18 excludes Non-Caloric Sweeteners.

19 "Consumer" means a person who purchases a sugar-sweetened
20 beverage for consumption and not for sale to another.

21 "Department" means the department of health.

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1 "Dietary aids" means liquid products manufactured for use
2 as an oral nutritional therapy for persons who cannot absorb or
3 metabolize dietary nutrients from food or beverages; a source of
4 necessary nutrition used due to a medical condition; or an oral
5 electrolyte solution for infants and children formulated to
6 prevent dehydration due to illness.

7 "Director" means the director of health.

8 "Distributor" means any person, including a manufacturer or
9 a wholesale dealer, who receives, stores, manufactures, bottles,
10 or distributes bottled sugar-sweetened beverages, syrup, or
11 powder for sale to a retailer doing business in the State
12 whether or not that person is also a retailer as defined in this
13 section.

14 "Fund" means the healthy ohana special fund established
15 pursuant to section 321-F.

16 "Infant formula" means a food which purports to be or is
17 represented for special dietary use solely as a food for infants
18 by reason of its simulation of human milk or its suitability as
19 a complete or partial substitute for human milk.

20 "Milk without added caloric sweetener" means any beverage
21 whose principal ingredient by weight is natural liquid milk,
22 which is secreted by an animal and consumed by humans, including

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1 natural liquid milk regardless of animal source or butterfat
2 content, or natural milk concentrate and dehydrated natural
3 milk, whether or not reconstituted.

4 "Milk substitute without caloric sweetener" means a plant-
5 based beverage in which the principal ingredients by weight are
6 water and grains, nuts, legumes, or seeds. Milk substitute
7 includes, but is not limited to, soy milk, almond milk, rice
8 milk, coconut milk, oat milk, hazelnut milk, and flax milk.

9 "Non-alcoholic beverage" means any beverage that contains
10 less than one-half of one per cent alcohol per volume.

11 "Non-caloric sweetener" means any substance that contains
12 fewer than five calories per serving, suitable for human
13 consumption, that humans perceive as sweet, and includes,
14 without limitation, aspartame, saccharin, stevia, and sucralose.

15 "One hundred per cent fruit juice or vegetable juice" means
16 any liquid consisting of one hundred per cent fruit juice or
17 vegetable juice with no added sugar, corn syrup, or caloric
18 sweetener.

19 "Person" means any natural person, partnership, cooperative
20 association, limited liability company, corporation, personal
21 representative, receiver, trustee, assignee, or any other legal
22 entity.

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1 "Place of business" means any place where sugar-sweetened
2 beverages, syrups, or powder are manufactured or received for
3 sale in the State.

4 "Powder" means any solid mixture of ingredients that
5 contains caloric sweetener, which is intended to be used in
6 making, mixing, or compounding a sugar-sweetened beverage by
7 combining the powder with one or more other ingredients.

8 "Retailer" means any person who sells or otherwise
9 dispenses in the State a sugar-sweetened beverage to a consumer
10 whether or not that person is also a distributor as defined in
11 this section.

12 "Sale" or "sell" means the transfer of title or possession
13 for valuable consideration regardless of the manner the transfer
14 is completed.

15 "Syrup" means a liquid mixture of ingredients that contains
16 caloric sweetener, which is intended to be used in making,
17 mixing, or compounding a sugar-sweetened beverage by combining
18 the syrup with any one or more other ingredients.

19 "Sugar-sweetened beverage" means any non-alcoholic
20 beverage, carbonated or noncarbonated, that is intended for
21 human consumption and contains any added caloric sweetener.

22 Sugar-sweetened beverages does not include:

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1 (1) Beverages consisting of one hundred per cent fruit
2 juice or vegetable juice with no added caloric
3 sweetener;

4 (2) Milk without added caloric sweetener;

5 (3) Milk substitute without added caloric sweetener;

6 (4) Dietary aids; or

7 (5) Infant formula.

8 **§321-B Registration required.** (a) Every distributor
9 shall register with the department on forms to be prescribed,
10 prepared, and furnished by the department.

11 (b) No retailer may sell at retail, or hold out or display
12 for sale at retail, any sugar-sweetened beverage acquired by the
13 retailer on or after June 30, 2022, unless the sugar-sweetened
14 beverage was acquired by the retailer from a registered
15 distributor in the State.

16 **§321-C Sugar-sweetened beverage fee imposed.** (a) Every
17 distributor selling sugar-sweetened beverages in the State shall
18 pay the department a sugar-sweetened beverage fee that is
19 imposed at the following rates:

20 (1) Two cents per fluid ounce of bottled sugar-sweetened
21 beverages sold or offered for sale to a retailer for
22 sale in the State to a consumer; and

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1 (2) Two cents per fluid ounce of sugar-sweetened beverage
2 that can be produced from syrup or powder, calculated
3 according to the manufacturer's specifications for the
4 use of the syrup or powder sold to a retailer for sale
5 in the state to a consumer.

6 (b) A distributor shall add the amount of the fee imposed
7 by this section to the price of sugar-sweetened beverages,
8 syrups, and powders sold to a retailer, and the retailer shall
9 pass the amount of the fee through to a consumer as a component
10 of the final retail purchase price. The amount of the fee shall
11 be stated separately on all invoices, signs, sales or delivery
12 slips, bills, and statements that advertise or indicate the
13 price of such beverages, syrups, and powders.

14 **§321-D Exemptions.** The following shall be exempt from the
15 fee imposed by this part:

16 (1) Bottled sugar-sweetened beverages, syrups, and powder
17 sold by a distributor or retailer expressly for resale
18 or consumption outside the State; and

19 (2) Bottled sugar-sweetened beverages, syrups, and powder
20 sold by a distributor to another distributor who is
21 registered pursuant to section 321-B, if the sales
22 invoice clearly indicates that the sale is exempt. If

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1 the sale is to a person who is both a distributor and
2 a retailer, the sale shall also be exempt from the fee
3 and the fee shall be paid when the purchasing
4 distributor who is also a retailer resells the product
5 to a retailer or a consumer. This exemption shall not
6 apply to any other sale to a retailer.

7 **§321-E Payment.** (a) Every distributor or retailer liable
8 for the fee imposed by this chapter shall file a form
9 identifying all sales of sugar-sweetened beverages made during a
10 specified period of time by the department and submit payment of
11 the fee to the department. The form shall be prescribed by the
12 department and shall contain any information that the department
13 deems necessary for the proper administration of the sugar-
14 sweetened beverage fee program.

15 (b) The fee shall be deposited into the healthy ohana
16 special fund administered by the department.

17 **§321-F Healthy ohana special fund; established.** (a)
18 There is established in the state treasury the healthy ohana
19 special fund, into which shall be deposited:

20 (1) All revenues generated from sugar-sweetened beverage
21 fees as described under sections 321-C and 321-E;

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1 (2) All revenues collected from penalties pursuant to 321-
2 M;

3 (3) All interest and earnings accruing from the investment
4 of moneys in the fund; and

5 (4) The sums appropriated from general revenues in Section
6 3 of this Act.

7 (b) The healthy ohana special fund shall be administered
8 by the department. The moneys in the healthy ohana special fund
9 shall be distributed and used as follows:

10 (1) _____ per cent shall be used by the department of
11 health for implementation and evaluation of the sugar-
12 sweetened beverage fee program;

13 (2) _____ per cent shall be used by the department of
14 health for the purposes of supporting primary
15 prevention and chronic disease prevention programs and
16 supports; and

17 (3) _____ per cent shall be deposited into the healthy
18 ohana trust fund under section 321-G to be
19 administered by the department.

20 **§321-G Healthy ohana trust fund; established.** (a) There
21 is established the healthy ohana trust fund as a separate fund
22 of a nonprofit entity having a board of directors and qualifying

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1 under section 501(c)(3) of the Internal Revenue Code of 1986, as
2 amended, into which shall be deposited moneys received as
3 provided under section 321-F(b)(3). The director of health,
4 with the concurrence of the governor, shall select, in
5 accordance with chapter 103D, the entity based upon the proven
6 record of accomplishment of the entity in administering a
7 similar trust fund.

8 (b) Notwithstanding that the healthy ohana trust fund is
9 established within a private entity, the department of budget
10 and finance shall have oversight authority over the fund and may
11 make periodic financial audits of the fund; provided that the
12 director of finance may contract with a certified public
13 accountancy firm for this purpose. The director of health, with
14 the concurrence of the governor, in their sole discretion may
15 rescind the selection of the entity. If the selection of the
16 entity is rescinded, moneys in the healthy ohana trust fund
17 shall revert back to the State and shall be deemed to be trust
18 moneys.

19 (c) The entity selected under subsection (a), for each
20 fiscal year, may expend up to ten per cent of the total market
21 value of the healthy ohana trust fund on the preceding June 30,
22 for the prevention and control of obesity and chronic disease on

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1 behalf of families in Hawaii. These activities may include but
2 are not limited to, comprehensive programs and methods to
3 support access to healthy food, active living and healthy
4 eating, school and work based health, nutrition and physical
5 education, oral health, programs supporting farm-to-school,
6 locally grown, and sustainable agriculture practices, school
7 gardens, and obesity and chronic disease prevention.

8 (d) The healthy ohana trust fund may receive
9 appropriations, contributions, grants, endowments, or gifts in
10 cash or otherwise from any source, including the State,
11 corporations or other businesses, foundations, government,
12 individuals, and other interested parties; provided that any
13 appropriations made by the State to the healthy ohana trust fund
14 shall not supplant or diminish the funding of existing chronic
15 disease prevention programs or any health related programs
16 funded in whole or in part by the State.

17 (e) The assets of the healthy ohana trust fund shall
18 consist of:

- 19 (1) Moneys deposited pursuant to section 321-F(b)(3);
20 (2) Moneys appropriated to the healthy ohana trust fund by
21 the state, county, or federal government;
22 (3) Private contributions of cash or property; and

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1 (4) Income and capital gains earned by the healthy ohana
2 trust fund.

3 (f) The aggregate principal sum deposited in the healthy
4 ohana trust fund shall be invested by the entity selected under
5 subsection (a) in a manner intended to maximize the rate of
6 return on investment of the healthy ohana trust fund consistent
7 with the objective of preserving the healthy ohana trust fund's
8 principal.

9 (g) If the entity selected under subsection (a) is
10 dissolved, the director of health, with the concurrence of the
11 governor, shall select a successor entity. If the healthy ohana
12 trust fund is terminated, the moneys remaining in the healthy
13 ohana trust fund shall revert back to the State and shall be
14 deemed to be trust moneys.

15 (h) The administration of the healthy ohana trust fund
16 shall be advised by the healthy ohana advisory committee created
17 under section 321-S.

18 **§321-H Records to be kept.** Every distributor and
19 retailer, in addition to any requirements under chapter 321-I,
20 shall prepare or maintain documents involving sugar-sweetened
21 beverages, syrups, and powders, as required by the department.

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1 **§321-I Audit authority.** The records of the distributor
2 and retailer shall be made available, upon request, for
3 inspection by the department, a duly authorized agent of the
4 department, or the auditor. Any proprietary information
5 obtained by them shall be kept confidential and shall not be
6 disclosed to any other person, except:

7 (1) As may be reasonably required in an administrative or
8 judicial proceeding to enforce any provision of this
9 chapter or any rule adopted pursuant to this chapter;
10 or

11 (2) Under an order issued by a court or administrative
12 agency hearings officer.

13 **§321-J Contract for administrative services.** The
14 department may contract the services of a third party to
15 administer the sugar-sweetened beverage fee program under this
16 part.

17 **§321-K Management and financial audit.** The auditor shall
18 conduct a management and financial audit of the sugar-sweetened
19 beverage fee program on fiscal year 2022 to 2023 and fiscal year
20 2023 to 2024, and for each fiscal year thereafter ending in an
21 odd-numbered year. The auditor shall submit the audit report to
22 the legislature and the department no later than twenty days

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1 prior to the convening of the next regular session. The auditor
2 may contract the audit services of a third party to conduct the
3 audit.

4 **§321-L Administration by director; rules.** (a) The
5 department shall adopt rules pursuant to chapter 91 to
6 effectuate the purposes of this part.

7 (b) No later than June 30, 2022, the department shall
8 adopt interim rules, which shall be exempt from chapter 91 and
9 201M, to effectuate the purposes of this part; provided that the
10 interim rules shall remain in effect until, January 1, 2024, or
11 until rules are adopted pursuant to subsection (a), whichever
12 occurs sooner.

13 **§321-M Civil penalties.** (a) Any person subject to this
14 part who:

15 (1) Fails to pay the entire fee imposed by this part by
16 the date that payment is due;

17 (2) Fails to register as a distributor as required by
18 section 321-B;

19 (3) Fails to submit a form on or before the last day of
20 March, June, October and December of each year
21 identifying all sales of sugar-sweetened beverages
22 made during the three months immediately preceding the

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1 month in which the report is due as required by

2 section 321-E;

3 (4) Fails to prepare or maintain records required by this

4 part; or

5 (5) Violates any other provision of this part,

6 shall be liable for the amount of the fee that is due, a penalty

7 equal to fifty percent of the fee due, and additional

8 administrative fees and costs incurred by the department.

9 (b) The director, or the director's duly authorized

10 representative, may determine the amount of the fee and the

11 penalty due under subsection (a) in the event of any nonpayment

12 or underpayment and demand payment of all sugar-sweetened

13 beverage fees and penalties. Interest shall accrue on

14 nonpayment or underpayment of the fee at a rate of eight per

15 cent per year from the date the fee was due, until paid. The

16 director shall have the authority to revoke the distributor

17 registration as a penalty under subsection (a).

18 (c) Any criminal penalties for any violation of this part

19 shall not be deemed to preclude the State from recovering

20 additional civil penalties.

21 **§321-N Enforcement.** (a) If the director determines that

22 the sugar-sweetened beverage fee, penalties, or interest are

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1 due, the director shall notify the person of the amount by
2 certified mail.

3 (b) Any notice issued under subsection (a) shall become
4 final, unless not later than thirty days after the notice is
5 mailed, the person named therein requests in writing a hearing
6 before the director. Whenever a hearing is requested, the
7 amount owed shall become payable only upon completion of all
8 review proceedings and the issuance of a final order confirming
9 the fee, interest, and penalty in whole or in part. Upon
10 request for a hearing, the director shall require the requestor
11 to appear before the director for a hearing at the time and
12 place specified in a notice.

13 (c) Any hearing conducted under this section shall be
14 conducted as a contested case under chapter 91. If, after a
15 hearing held pursuant to this section, the director finds that
16 all or a portion of the fee, interest, or penalty is due, the
17 director shall take action to collect the amount due as provided
18 by subsection (d).

19 (d) If the amount of any fee, interest, or penalty is not
20 paid to the department within thirty days after it becomes due
21 and payable, the director may institute a civil action in the
22 name of the State to collect the fee, interest, and penalty. In

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1 any proceeding to collect the fee, interest, or penalty imposed,
2 the director need only show that:

3 (1) Notice was given;

4 (2) A hearing was held, or the time granted for requesting
5 a hearing expired without a request for a hearing;

6 (3) The fee, interest, or penalty was imposed; and

7 (4) The fee, interest, or penalty remains unpaid.

8 (e) In connection with any hearing held pursuant to this
9 section, the director shall have the power to subpoena the
10 attendance of witnesses and the production of evidence on behalf
11 of all parties.

12 **§321-O Distribution of revenues.** One hundred per cent of
13 revenues collected from the sugar-sweetened beverage fee,
14 interest payments, and penalty payments imposed pursuant to this
15 part shall be paid to the healthy ohana special fund,
16 established in section 321-F.

17 **§321-P Evaluation.** The department shall develop criteria
18 and components for an independent evaluation to assess the
19 impact of the fee imposed by this part on consumption of
20 products subject to the fee established by this part. The
21 evaluation shall seek to determine the impact of the fee on
22 sugar-sweetened beverage prices, consumer purchasing behavior,

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1 and health outcomes. The reasonable costs of evaluation shall
2 be paid from the healthy ohana special fund and be considered an
3 implementation cost of this part.

4 **§321-Q Costs.** The costs to implement this part may
5 include:

- 6 (1) Administrative, contractual, audit, independent
7 evaluation, and compliance activities associated with
8 collection and payment of the sugar-sweetened beverage
9 fee program;
- 10 (2) Personnel to implement the sugar-sweetened beverage
11 fee program;
- 12 (3) Communication and education activities to inform the
13 public and distributors about the sugar-sweetened
14 beverage fee; and
- 15 (4) Associated office expenses.

16 **§321-R Annual reports.** The department shall provide
17 annual reports on the sugar-sweetened beverage fee program to
18 the legislature and the governor no later than twenty days prior
19 to the convening of each regular session for the period
20 beginning when the program is in effect following the adoption
21 of rules pursuant to section 321-L. The reports shall contain:

- 22 (1) Measures of effectiveness;

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1 (2) Amounts of revenues collected in the prior fiscal
2 year;

3 (3) Distributions and expenditures from the healthy ohana
4 special fund in the prior fiscal year; and

5 (4) Description of program activities.

6 If administration of the program is contracted to a third party
7 pursuant to section 321-J, a copy of the contract shall be
8 appended to the next applicable report, and the contractor shall
9 abide by these reporting requirements as well.

10 **§321-S Healthy ohana advisory committee.** (a) There is
11 established a healthy ohana trust fund advisory committee under
12 the department for administrative purposes.

13 (b) Members of the committee shall:

14 (1) Be appointed by the director, and shall serve at the
15 director's pleasure;

16 (2) Have background and expertise in chronic disease
17 prevention; and

18 (3) Serve at the director's pleasure.

19 (c) The healthy ohana advisory committee shall advise the
20 department on the administration of the healthy ohana trust
21 fund.

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1 (d) The healthy ohana advisory committee, in collaboration
2 with the department, shall develop a strategic plan for chronic
3 disease prevention, including:

4 (1) Developing and implementing effective and cost
5 efficient policies and programs, including health promotion
6 and disease prevention;

7 (2) Developing adequate standards and benchmarks by which
8 measures of chronic disease prevention policies and
9 programs may be appropriately evaluated; and

10 (3) Assessing the effectiveness of policies and programs
11 engaged in chronic disease prevention.

12 (d) A simple majority of the committee members shall
13 constitute quorum."

14 SECTION 3. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$250,000 or so much
16 thereof necessary for fiscal year 2021-2022, and the same sum or
17 so much thereof as may be necessary for fiscal year 2022-2023,
18 to be deposited into the healthy ohana special fund established
19 pursuant to section 321-F, Hawaii Revised Statutes.

20 SECTION 4. There is appropriated out of the healthy ohana
21 special fund the sum of \$250,000 or so much thereof as may be
22 necessary for fiscal year 2021-2022 and the same sum or so much

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1 thereof as may be necessary for fiscal year 2022-2023 to carry
2 out the purposes of this Act, including the establishment,
3 hiring, and filling of positions and contractors to carry out
4 the purposes set forth in section 321-F, Hawaii Revised
5 Statutes, established by this Act. The sums appropriated shall
6 be expended by the department of health for the purpose of this
7 Act.

8 SECTION 5. Not later than July 1, 2023, the department of
9 health shall establish a repayment plan and schedule to repay to
10 the general fund, the sums deposited into the healthy ohana
11 special fund established pursuant to section 321-F, Hawaii
12 Revised Statutes, established by this Act. The department of
13 health shall only use moneys from the healthy ohana special fund
14 to repay the general fund.

15 SECTION 6. Not later than March 15, 2022, the director of
16 health, or the director's designee, shall submit a report and
17 provide an informational briefing to the legislature concerning
18 the progress of implementing the provisions in this Act,
19 including the status of rulemaking by the department of health
20 pertaining to the sugar-sweetened beverage fee program.

21 SECTION 7. For the purposes of effectuating this Act, the
22 personnel hired and the contracts entered into by the department

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1 of health, pursuant to this Act, shall be exempt from chapter
2 76, Hawaii Revised Statutes, for a period beginning on July 1,
3 2021, and ending on June 30, 2023; provided that:

4 (1) All personnel actions taken pursuant to this Act by
5 the department of health after June 30, 2023, shall be
6 subject to chapter 76, Hawaii Revised Statutes, as
7 appropriate; and

8 (2) Any employee hired by the department of health to
9 effectuate this Act, who occupies a position exempt
10 from civil service on July 1, 2023, shall:

11 (A) Be appointed to a civil service position; and

12 (B) Not suffer any loss of prior service credit,
13 vacation or sick leave credits previously earned
14 or other employee benefits or privileges;

15 provided that the employee possesses the minimum
16 qualifications and public employment requirements for
17 the class or position to which appointed; provided
18 further that subsequent changes in status shall be
19 made pursuant to applicable civil service and
20 compensation laws.

21 SECTION 8. If any provision of this Act, or the
22 application thereof to any person or circumstance, is held

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1 invalid, the invalidity does not affect other provisions or
2 applications of the Act that can be given effect without the
3 invalid provision or application, and to this end the provisions
4 of this Act are severable.

5 SECTION 9. In codifying the new sections added by section
6 2 of this Act, the revisor of statutes shall substitute
7 appropriate section numbers for the letters used in designating
8 and referring to the new sections in this Act.

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

10

INTRODUCED BY: _____



BY REQUEST
JAN 25 2021

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Report Title:

Healthy Ohana; Sugar-Sweetened Beverage Fee Program; \$

Description:

Imposes a fee for selling sugar-sweetened beverages at the distributor level. Creates a special fund into which revenues are deposited, the proceeds of which shall fund programs to prevent obesity and chronic disease for Hawaii's ohana.

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

JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO SUGAR-SWEETENED BEVERAGES.

PURPOSE: To discourage excessive consumption of sugar-sweetened beverages and to create a dedicated revenue source for programs designed to prevent obesity and enhance the health of keiki and ohana in Hawaii.

MEANS: Adds a new part to chapter 321, Hawaii Revised Statutes.

JUSTIFICATION: This measure responds to the epidemic of obesity and chronic disease in the State. A sugar-sweetened beverage fee is an innovative way to improve the health of Hawaii's keiki and families, reduce healthcare costs, and fund comprehensive programs that support access to healthy food, physical activity and chronic disease prevention.

Passage of a two-cent per ounce sugar-sweetened beverage fee is projected to result in lower levels of sugar-sweetened beverage consumption, fewer cases of obesity, fewer deaths and health care savings greater than fifty-nine million dollars over a ten year period according to a 2017 study conducted by the Harvard T.H. Chan School of Public Health and the Hawaii Department of Health.

Impact on the public: Hawaii's families will be provided with comprehensive programs that support their health. Consumers of sugar-sweetened beverages will pay more for sugar-sweetened beverages.

Impact on the department and other agencies: The department of health is required to administer the fee and evaluate its effectiveness. The Department of Budget and

Finance is required to establish a special fund.

GENERAL FUND: \$250,000 appropriation and potential deposits of up to \$60,000,000.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: HTH-590.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.