

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 2905

S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2905, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to require the Department of Agriculture to conduct a study on the effect of regulations of Kona coffee blends.

Specifically, this measure requires, and provides funding for, the Department of Agriculture to study the possible impacts of changes to current Hawaii Kona coffee blend laws, including:

- (1) Increasing the required percentage of Kona-grown coffee that entitles a coffee to be labeled "Kona coffee";
- (2) Adapting the labeling standards accordingly;
- (3) Requiring state certification for Kona coffee grown and sold in the north and south Kona districts; and
- (4) Determining what measures and standards would be necessary to support the development and growth of other Hawaii regional coffees.
- (5) Providing a description of the current economic situation concerning Kona coffee as it pertains to farmers, processors, and retailers;



- (6) Identifying existing concerns or issues regarding the current ten per cent Kona coffee minimum blend requirement;
- (7) Evaluating the possible economic impact of raising the current ten per cent Kona coffee minimum blend requirement to a higher requirement, including possible economic impact on farmers, processors, and retailers;
- (8) Evaluating anticipated consumer reaction;
- (9) Evaluating ways to strengthen the State's "truth-in-labeling" laws;
- (10) Examining how to achieve national recognition for Kona coffee and deter the illegal use of the term "Kona Coffee";
- (11) Evaluating whether to institute state certification for Kona coffee grown and sold in the south Kona district and the north Kona district; and
- (12) Determining what measures and standards would be necessary to support the development and growth of other Hawaii regional coffees.

Your Committee received testimony in support of this measure from the Hawaii County Council. The Kona Coffee Farmers Association, Kanalani Ohana Farm, and four individuals submitted testimony in opposition. The Department of Agriculture offered comments.

Your Committee finds that the Department of Agriculture is currently conducting a study on the effectiveness of existing Hawaii Administrative Rules regarding Kona coffee, as requested by Senate Concurrent Resolution No. 102, H.D. 1 (2007). The Department was requested to include "a thorough economic analysis of the probable impact of increasing the minimum content requirement to 50 percent upon each segment of the Kona coffee industry, and each segment of the coffee industry in other parts of the state, such as Ka'u and on islands other than the island of Hawaii."



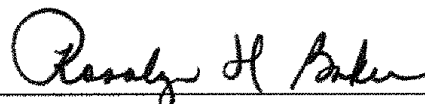
The resolution further requested the Department of Agriculture to "determine the fiscal impact that stricter labeling requirements or a uniform national labeling requirement standard will have on farmers of small coffee bean farms in Hawaii ... " and "the fiscal impact that a uniform inspection and certification scheme for all Hawaii-grown coffee beans will have on growers of small coffee bean farms".

Your Committee finds that funding support is required for the economic analysis and fiscal impact portions of the Department of Agriculture's study. Accordingly, your Committee has amended this measure to:

- (1) Clarify that the Department of Agriculture is already undertaking a study of issues relating to Kona coffee, pursuant to Senate Concurrent Resolution No. 102, (2007), including an economic analysis and fiscal impact determinations and that these portions of the study require funding support;
- (2) Delete section 2 of the measure requiring the Department of Agriculture to study possible impacts of changes to current Kona coffee blend laws; and
- (3) Provide an appropriation to fund the economic analysis and fiscal impact portions of the Department of Agriculture's study currently being conducted pursuant to Senate Concurrent Resolution No. 102 (2007).

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. 2905, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2905, S.D. 2.

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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB2905, SD1	AWH, WAM	2/26/08

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)				/
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.				/
INOUE, Lorraine R.	/			
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul	/			
TOTAL	10	0	0	2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes