

SB 2905

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON
AGRICULTURE AND HAWAIIAN AFFAIRS

FEBRUARY 5, 2008
2:45 P.M.

SENATE BILL NO. 2905
RELATING TO AGRICULTURE

Chairperson Tokuda and Members of the Committee:

Thank you for the opportunity to provide testimony on Senate Bill 2905, directing the legislative reference bureau to undertake a study to evaluate possible impacts on farmers, processors, retailers, and consumers if certain changes are made to the current Hawaii Kona coffee blend laws; to identify strategies to strengthen labeling laws, and provide recommendations on supporting and cultivating regional specialty coffee in Hawaii. The department supports the intent of this bill provided it does not displace the priorities in the Executive Biennium budget.

As called for in the bill, the department will assist the legislative reference bureau in conducting this study. The department is currently fulfilling the requirements of Senate Concurrent Resolution (SCR) 102, SLH 2007 which will address Hawaii-grown coffee labeling and inspection issues, and the economic impact of potential changes to minimum content requirements. The economic analysis called for in the concurrent resolution is a major undertaking and requires funding which was not appropriated to the department. We recommend that since an economic impact analysis is called for in both the concurrent resolution and this bill, that the appropriation be used for a study that will satisfy both this bill and SCR 102, SLH 2007.

Ken H. Takayama
Acting Director

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
Honolulu, Hawaii 96813

Written Testimony Only

SB2905

RELATING TO AGRICULTURE

**Presented to the Senate Committee on Agriculture and Hawaiian Affairs
Twenty-fourth State Legislature, Regular Session of 2008
By Ken H. Takayama, Acting Director
Legislative Reference Bureau
Tuesday, February 5, 2008**

Chair Tokuda and Members of the Committee:

Thank you for this opportunity to testify on S.B. No. 2905. The Bureau takes no position either for or against the measure, but offers the following comments and concerns:

- First and foremost—our basic position is that if the Legislature really wants us to do this study, we will do so to the best of our ability with the resources provided and time allowed;
- This bill requires the Bureau to study a variety of issues (the list is two pages long) relating (apparently) to the Kona coffee industry including:
 - (1) An economic analysis of, among other things, the impact on farmers, processors, and retailers of increasing from ten per cent to seventy-five per cent the content of Hawaii-grown coffee to be labeled Kona coffee;
 - (2) Mandatory state certification of the geographic origin of coffee sold as Kona coffee;
 - (3) Evaluation of anticipated consumer reaction, including price increases;
 - (4) Evaluation of how to strengthen the existing coffee labeling law;
 - (5) Examination of how to achieve national recognition for Kona coffee and deter illegal use of "Kona coffee"—which presumably could involve litigation both in State as well as out of State; and

- (6) Determination of what measures and standards are necessary to support development and growth of other Hawaiian regional coffees.
- The bill also provides for an unspecified appropriation to carry out the study.
 - (1) This appropriation is critical because the Bureau has no particular background or knowledge, much less expertise, on this subject—or any related subject such as economic analysis;
 - (2) Some "ballpark" estimates we have heard cited for the study include \$200,000 for the economic analysis alone, and \$100,000 for the basic study NOT including the economic analysis. This would be a total of approximately \$300,000;
 - (3) We are concerned that as the State faces leaner economic times in the near future, the appropriation will be reduced or eliminated altogether as this bill goes through the legislative process;
 - (4) Even worse, we are concerned that the provisions of section 2(b)(8) of the bill—which will be discussed later—causes the study to be several times larger—and several times more expensive—than the figures cited here.
 - Section 3 of the bill requires the Bureau to report findings and recommendations to the Legislature by January of 2009—this is only six months after the appropriation takes effect on July 1, 2008.
 - (1) By comparison, during the regular session of 2007, the Legislature adopted Senate Concurrent Resolution No. 102, S.D.1, H.D.1 (2007) directing the Department of Agriculture to do a very similar study. Under the resolution, the Department, which works with these issues regularly if not every day—was given two years to complete the study which therefore will also be due in 2009;
 - (2) Even assuming that the Bureau receives substantial assistance from the Department of Agriculture while the Department conducts its parallel, very similar, but separate study, it is clear that the required deadlines are very ambitious.
 - Section 2(b)(8) of the bill increases the scope (and presumably the cost) of the study by two hundred per cent or more.
 - (1) Section 2(b)(8) requires the study to include "a determination of what measures and standards would be necessary to support the development and growth of other Hawaii regional coffees, similar to the initiatives taken to protect and promote Kona coffee".
 - (2) Read literally, this provision requires separate additional studies for each coffee growing region of the State. It cannot—and should not—be assumed that the facts surrounding the coffee industry on Kauai, for example, are

identical to those in Kona. This will require separate data gathering, separate economic analysis, literally separate studies for each area.

- (3) Expanding the scope of the study will also have an additional effect—diluting the emphasis of a study that is ostensibly supposed to be about Kona coffee. Instead of being the 100% focal point of the study, Kona coffee would now be the focus of only one-third to a quarter of it.
- In order to make the study more manageable in scope and increase the odds of timely completion, the Bureau recommends and requests that the following amendments be made to the bill:
 - (1) Delete section 2(b)(8). This will eliminate what is probably an unintended consequence of requiring multiple studies;
 - (2) Exempt any contract for the study from the procurement code, chapter 103D, Hawaii Revised Statutes. The procurement process could easily delay this project by months;
 - (3) Direct the Department of Business, Economic Development, and Tourism to assist the Bureau in this study by handling all elements of the study involving economic analysis. This could reduce the size of the needed appropriation by directing the work to be done by the state agency that does this type of work on a regular basis and is qualified to do it;
 - (4) Direct the Department of the Attorney General to assist the Bureau in this study by handling all elements of the study concerning the enforcement—both in-State and out of State—of the "economic fraud" stemming from the unauthorized use of the term "Kona coffee", and other related issues; and
 - (5) Scale back the requirement for an "evaluation of anticipated consumers reaction in section 2(b)(4) which will probably require the setting up of costly and intricately managed focus groups.

Thank you very much for this opportunity to testify.

Senate

Twenty-Fourth Legislature

Regular Session of 2008

COMMITTEE ON AGRICULTURE & HAWAIIAN AFFAIRS

Hearing

Tuesday, February 5, 2008

2:45 p.m.

Testimony by: Ralph C. Boyea, Legislative Advocate, Hawai'i County Council

Testimony on SB 2905 RELATING TO AGRICULTURE

Chairperson Tokuda, Vice Chair English and Honored Senators,

Senate Bill 2905 calls appropriates funds for a study by the legislative reference bureau on the effect of regulations of Kona coffee blends and to provide recommendations on supporting and cultivating regional specialty coffee in Hawaii.

On December 20, 2006, the Hawai'i County Council adopted Resolution #18-06 requesting that the Hawai'i State Legislature revise and clarify HRS 486-120.6 and recommending that any coffee labeled "Kona Coffee Blend" shall have a minimum of 75% of Kona Coffee, and that it should be labeled accordingly.

In 2007, HB 72 was introduced by Representative Herkes and SB 661 was introduced by Senator Kokubun. These Bills call for changing the labeling requirements for Kona coffee by specifying the term "Kona" or "Kona Coffee" shall not be used on a package label unless the content of the package contains at least 75 percent of Kona coffee. These Bills addressed and incorporated the concerns raised by the Hawai'i County Council.

On April 27, 2007, the Legislature passed SCR102,SD1,HD1 REQUESTING THE DEPARTMENT OF AGRICULTURE TO STUDY LABELING REQUIREMENTS RELATING TO THE USE OF HAWAII-GROWN COFFEE NAMES AND STUDY THE EFFECTIVENESS OF THE ADMINISTRATIVE RULES RELATING TO INSPECTION, CERTIFICATION, AND AUDIT REQUIREMENTS FOR HAWAII-GROWN COFFEE. SCR102,SD1,HD1 calls for the completion of this study no later than 20 days prior to the start of the 2009 Regular Session. SCR102 was introduced by Senators Kokubun and Tokuda.

SCR102 states, among other things, that "existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the "Kona coffee" name.

On November 20, 2007, the Hawai'i County Council passed Resolution #417-07 calling on the State Legislature to schedule committee hearings on HB72 and SB662. The Hawaii County Council Resolution referenced SCR102 and pointed out three of the conclusions in SCR102, specifically:

1. "Existing labeling requirements for Kona coffee causes Consumer Fraud;
2. Existing labeling requirements for Kona coffee degrades the "Kona coffee" name; and
3. Confusion as to the difference between Kona coffee blends and Kona coffee caused Consumer Reports magazine to rate Kona coffee as "second rate..."

The Hawai'i County Council believes it is essential for the Legislature to act immediately to stop the consumer fraud, deception and confusion that is now being caused by existing labeling requirements for Kona coffee. The Hawai'i County Council believes that immediate action is necessary to protect Kona coffee's reputation as a premier specialty coffee, and to avoid further degradation of the Kona coffee name and reputation. The Hawaii County Council calls upon the Legislature to hold hearings on HB72 and SB662 and to adopt into law the provisions of these Bills to provide truth in labeling of coffees baring the "Kona" name.

Why is a study needed?

Is it OK that the current state of Kona coffee labeling constitutes consumer fraud?

Is it OK that residents and visitors can walk into MacDonalds [and other establishments], be offered "Kona coffee" and receive a blend where only one [1] bean in ten [10] is from Kona? There aren't any signs saying this coffee is a blend.

Is it OK that coffee 'hot pots' in hotels, airports and other business establishments are labeled "Kona coffee" when the contents, more often than not, are a one in ten blend? All but the most consumer conscious drinkers believe they are getting Kona coffee, and many of those drinkers are not impressed.

Is it OK that Kona coffee is rated as "second rate" based on 'tasting' of these 10% blends? Would coffee drinkers be inspired to buy real Kona coffee after drinking these second rate blends?

Would it be OK to sell a bag of "Maui" onions wherein only one onion in ten is from Maui?

Would it be OK to sell "Hawaii" anthuriums wherein only one anthurium in ten is from Hawaii?

We call upon the Hawaii State Legislature to take action this session to provide truth in labeling for Kona coffee. Doing so would be a strong first step in insuring the integrity and purity of products baring regional names associated with Hawai'i.

We ask that the Senate Committee on Agriculture and Hawaiian Affairs defer action on SB2905 and schedule a hearing on SB662.

Thank you.

HAWAII FARM BUREAU FEDERATION
2343 ROSE STREET
HONOLULU, HI 96819

FEBRUARY 5, 2008

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE & HAWAIIAN AFFAIRS

TESTIMONY ON SB 2905
RELATING TO AGRICULTURE

Chair Tokuda and committee members:

My name is Alan Takemoto, Executive Director, of the Hawaii Farm Bureau Federation, which is the largest non-profit general agriculture organization representing approximately 1,600 farm and ranch family members statewide.

The Hawaii Farm Bureau Federation supports the intent of SB 2905, which appropriates funds for a study by the LRB on the effect of regulations of Kona coffee blends.

There have been many discussions on changing Hawaii's Kona coffee blend laws, in particular, increasing the percentage of Kona coffee that entitles a coffee to be called Kona coffee. There is also enforcement issues with the labeling of Kona coffee and how it is currently been regulated.

Within the past few years, the law has also changed to address the different regions of Hawaii where coffee is now grown. Since coffee is now grown on the island of Kauai, Maui, Oahu, and different areas on the Big Island, the coffee laws have since been broaden to regulate all coffee grown in Hawaii.

We are not sure whether a study will accomplish all the aspects of this very complicated issue. The marketing of Kona coffee along with other coffee grown throughout the State and World should also be considered in this site specific bill. The global economy and market is rapidly changing and increase competition from other countries has been a factor.

Thank you.

Hawaii Coffee Association



SB2905

Appropriates funds for a study by the Legislative Reference Bureau on the effect of regulations of Kona coffee blends.

Committee on Agriculture and Hawaiian Affairs Chair Tokuda

Conference Room 224, Tuesday February 5, 2008, 2:45 pm

Thank you for allowing us to testify **in support of SB2905.**

The Hawaii Coffee Association supported the passage of SCR102 last session which called for a study on the effects on farmers, processors, retailers and consumers if certain changes are made to the current Kona blend laws and view SB2905 which calls for an appropriation to fund such a study as a positive measure.

With many agricultural industries in Hawaii in serious trouble (like the closure of Oahu's last dairy processor) it would be a mistake to legislate major changes to a the healthy Kona coffee industry without first undertaking a marketing impact study. The Kona coffee industry finds itself in a unique and positive situation with:

- Acreage planted in Kona coffee increasing 111% since 1992
- The number of Kona farms has increased 36% since 1997
- Coffee cherry prices paid to farmers increasing at 15.4% annually
- And the farm gate value of the Kona coffee crop has increase 2900% since 1969 which is an average annual increase of 37%.

(The above statistics provided by the National Agricultural Statistics Service)

Given the health of the Kona coffee industry why would significant economic changes be considered without first conducting an adequate marketing impact study. Raising the blend requirement significantly increases the price of a bag of Kona coffee blend on the retail shelf and has an even more significant impact on the purchases by Hawaii's restaurants and hotels for the foodservice channel.

Thank you for hearing our testimony

Hawaii Coffee Association

HAWAII COFFEE COMPANY™

1555 Kalani Street
Honolulu, Hawaii 96817
Ph: 808-847-3600
Fax: 808-847-7900

SB2905

LATE

Appropriates funds for a study by the Legislative Reference Bureau on the effect of regulations of Kona coffee blends.

Conference Room 224, Tuesday February 5, 2008, 2:45 pm

Thank you for allowing us to testify **in support of SB2905.**

The Hawaii Coffee Association supported the passage of SCR102 last session which called for a study on the effects on farmers, processors, retailers and consumers if certain changes are made to the current Kona blend laws and view SB2905 which calls for an appropriation to fund such a study as a positive measure.

With many agricultural industries in Hawaii in serious trouble (like the closure of Oahu's last dairy processor) it would be a mistake to legislate major changes to a the healthy Kona coffee industry without first undertaking a marketing impact study. The Kona coffee industry finds itself in a unique and positive situation with:

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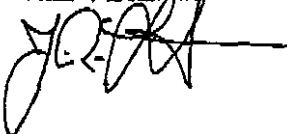
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Given the health of the Kona coffee industry why would significant economic changes be considered without first conducting an adequate marketing impact study. Raising the blend requirement significantly increases the price of a bag of Kona coffee blend on the retail shelf and has an even more significant impact on the purchases by Hawaii's restaurants and hotels for the foodservice channel.

Thank you for hearing our testimony

Hawaii Coffee

James Lenhart



Testimony in Opposition to SB2905

I am a member of the Kona Coffee Farmers Association and retired coffee farmer. I have been involved in coffee farming for 20 years.

If SB2905 is intended to have the Legislature avoid considering the pending Truth-in-Labeling for Kona Coffee bills (HB72 and SB661) during this session, I oppose this bill. Last year the Legislature made a factual determination of what we Kona coffee farmers have known for a long time: "existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the 'Kona coffee' name." (SCR102/SD1/HD1)

The Legislature does not need a study to know that the Legislature has a responsibility to stop consumer fraud--without further years of delay.

The Legislature should show respect for the Hawaii County Council--and honor the Council's request that the pending Truth-in-Labeling for Kona coffee bills be heard in Committee and enacted. (Hawaii County Council Resolution No. 417-07, November 20, 2007.)

I am not opposed to studies concerning Hawaii coffees which would examine marketing, promotional, and administrative issues to be implemented in future years.

If there is to be a study, the focus should be on the extent to which the current status quo damages Kona coffee growers economically and degrades the Kona coffee name. For example, given basic principles of supply and demand, to what extent does the estimated annual sale in Hawaii of 5 million pounds of "fake Kona coffee". The focus of a study should not be on the "impacts" that might be felt by certain business interests if an end is put to consumer fraud.

It is inherently deceptive to use the "Kona coffee" name for 90% foreign grown coffee. The legislature should enforce basic principles of consumer protection and fair marketing.

Kathy Wood
Captain Cook

Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends

Senate Committee on Agriculture & Hawaiian Affairs

Date: February 5, 2008

Time: 2:45 pm

Place: Conference Room 224

To Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

RED Hill Farm

My name is Grant Perkins, I farm coffee in Honaunau. In my view the two sides in the issue of 10% labeling of coffee comes down to the small farmer who is working hard to produce a coffee that lives up to the name of Kona Coffee. The other side is and has grown rich trading off the name but producing poor coffee. The blenders have lots of money to buy influence and the small farmer has little clout. I would hope that the people in government would do the right thing and live up to the responsibilities of their position. The facts are plain. The blenders are ripping off the public, hurting the honest farmer and the legislator have let them do it for years. If this is not corrected it indicates present legislators are aiding and abetting this outrage.

Red Hill Farm
Honaunau

Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends

Senate Committee on Agriculture & Hawaiian Affairs

Date: February 5, 2008

Time: 2:45 pm

Place: Conference Room 224

To Chairperson Tokuda, Vice Chairperson English, and members of the committee:

As a member of the Kona Farmers Association, if SB2905 is intended to have the Legislature avoid considering the pending Truth-in-Labeling for ~~Kona Coffee~~ bills (HB72 and SB661) during this session, I strongly oppose this bill.

Coffee is now labeled "Kona" containing as little as 10 percent coffee actually grown in Kona, thus confusing the public and degrading the name of Kona coffee. This is fraudulent. Kona coffee and Kona coffee farmers need to be protected. I urge you NOT to spend tax payer's money on a wasted study, thus delaying yet again, bills HB72 and SB661.

Please honor the Hawaii County Council's request that the pending Truth-in-Labeling for Kona coffee bills be heard in Committee and enacted. (Hawaii County Council Resolution No. 417-07, November 20, 2007.)

Please respect resolutions passed by the Hawaii County and State Democratic Party conventions, calling on the Legislature to reform labeling laws which permit deceptive marketing of Kona coffee.

The state of Hawaii wants to have agriculture land used for agriculture, but then is doing nothing to protect the farmer. It is time to protect the local farmers and what they produce from deceptive practices. We are NOT the big corporations bringing in foreign grown coffee and passing it off as Kona coffee. We are NOT the ones with the big bucks and influence. We are your neighbors. I urge you to please do what is right!

Vote "NO" on bill HB2905.

Mahalo,

Cindy Whitehawk

'Io Lani Kea

PO Box 265

Honaunau HI 96726-0265

Testimony in Opposition to SB2905
Relating to Study of Regulations of Kona Coffee Blends

February 5, 2008
2:45pm
Conference Room 224

Dear Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

I would like to start by identifying myself as a KONA coffee farmer. My wife and I own a coffee farm on the Kona Coast of Hawai'i, in the district of South Kona (88-1583 Ala Malino Rd, Captain Cook, HI). We are members of the Kona Coffee Farmers Association.

We OPPOSE SB2905 because it can and will be used to avoid consideration of the extremely important "Truth-in-Labeling for Kona Coffee" bills (HB72 and SB661) during the present session.

Last year, the Legislature made the factual determination of what we Kona Coffee Farmers have known for a long time: "existing labeling requirements for Kona Coffee causes consumer fraud and confusion and degrades the 'Kona coffee' name." (SCR102/SD1/HD1).

All of the Kona coffee growers that I know personally are adamantly opposed to the existing "10% Kona blend" law--and want to see the law reformed. We Kona Coffee farmers have tried to effect this change for years, but again we face "study and stall" strategies from supporters of the corporate coffee interests.

Consumer fraud is a serious national and international issue. The European Union (EU) has recognized how important labeling is to protect the quality of the product by prohibiting the use of regional names on ANYTHING except those that originate from that region. The EU has implemented rules for regional labeling that require a product to originate entirely from a given region in order to bear that name. Names such as "Bourgogne, Côtes du Rhône, Provence, Cantal, Champagne..." are all regional names that can ONLY be used by products that meet a series of requirements, including **region-of-origin** of 100% of the product. I travel extensively around the world and I can tell you that my German, Italian, and French colleagues were horrified to learn that "Kona Coffee" may not be 100% from the Kona Coast of Hawai'i! On top of that, research has found that consumers indeed notice such labeling and even believe the quality of a product that originates from a specific region is superior! (see references 1 and 2, below).

The reputation of "Kona Coffee" is being damaged every day that blends are allowed to masquerade as PURE Kona Coffee! I am fearful that if the Hawai'i legislature does not

remedy this matter soon, the reputation of Kona Coffee will be irreparably damaged. If this were to happen, we all lose!

I implore you to please defeat SB2905 and to PASS the "Truth-in-Labeling for Kona Coffee legislation that the Hawai'i County Council has recommended (heard in Committee and enacted. (Hawaii County Council Resolution No. 417-07, November 20, 2007).

Thank you for your consideration of these issues.

Sincerely,
Dr. Robert H. Kraus, Jr.
Luther Coffee Farm

[1] "The role of the region of origin and EU certificates of origin in consumer evaluation of food products," Ivo A. van der Lans, Koert van Ittersum, Antonella De Cicco and Margaret Loseby, published in *European Review of Agriculture Economics* Vol 28 (4) (2001) pp.451-477 © 2001 Oxford University Press and the Foundation for the European Review of Agricultural Economics

[2] "European Food-Labeling Policy: Successes and Limitations," Jean-Christophe Bureau and Egizio Valceschini, published in *European Food-labeling Policy*, vol 34 (3), p.70-76 (Nov 2003)

Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends

Senate Committee on Agriculture & Hawaiian Affairs

Date: February 5, 2008

Time: 2:45 pm

Place: Conference Room 224

To Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

I am a retired Kona coffee farmer, and now a custom roaster of Kona coffee. I oppose SB2905 because I see this as yet another delaying tactic thrown up by those major corporations who make huge profits out of Kona blend coffee, at the expense of Kona coffee farmers.

This Legislature needs to be giving hearings to HB72 and SB661 during this session. Please allow open government by hearing HB72 and SB661, so that all sides may make their positions known to you. Our Hawaii County Council unanimously voted to request this of you. Please do not insult them by refusing to hear the Bills that are already waiting hearing, and instead shuffling it off to a spurious "study". We do not need a study to confirm what you yourselves determined last year, that "existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the 'Kona coffee' name."

Sincerely
Christine Sheppard

Christine Sheppard
www.kona-coffee-country.com/coffee
christinesheppard@hawaii.rr.com
808-329-7239

TESTIMONY IN OPPOSITION TO SB2905 RELATING TO A STUDY OF REGULATIONS
OF KONA COFFEE BLENDS

I am Bryce Decker, PhD, for 3 1/2 years treasurer of the Kona Coffee Council. I am a member of that Council and also of the Kona Coffee Farmers' Association. Until 1976, I was a member of the Geography faculty at the University of Hawaii at Manoa. In retirement I still cultivate coffee on a small scale for personal use, and keep abreast of Kona coffee affairs. I live in Honolulu.

I am opposed to this bill as it delays doing anything to resolve the grievous fraud that the 10% "Kona Blend" practice perpetrates on the public, and on the reputation of Kona Coffee, by suggesting that inferior foreign coffees are Hawaiian ones from Kona. As a result, taste tests conducted by Consumer Reports resulted in Kona coffees ranked "second rate". That is intolerable.

And your call for a study lets the few who benefit from this disreputable marketing continue to do it indefinitely.

The Hawaii County Council has unanimously called for action on truth in coffee labeling, so that people clearly know what they are buying. It is Hawaii County Council Resolution no. 417-07, November 20, 2007.

This bill simply delays doing anything to resolve the problem and should not pass.

Bryce Decker, PhD.
PO Box 351
Kealahou, HI 96750
(808) 324-6860
decker_bryce@yahoo.com

Opposition to SB2905

Dear Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

I understand that you will soon be having a hearing on measures which could regulate Kona coffee blends. If it had been possible I would have liked to come and testify, but as I am presently unable I would like to state my opinions on the matter here. As a Kona coffee grower (Captain Cook) for the past 15 years I would say that by allowing large percentage of non-Kona to be sold as blend you are jeopardizing my livelihood and that of many others. Besides that, you will be promoting inferior quality coffee -- consumers will, no doubt, think, "this Kona coffee is not very good". Overall demand for Kona coffee will drop and reputation will be ruined.

The big processors make a lot of money selling small percentage Kona coffee. I consider them to be somewhat dishonest. Their short term interests of maximizing profits are different from coffee growers and different from more contentious processors.

My view is shared not only by virtually all of the growers in this area, but also by the vast majority of guests from the mainland and around the world who stay at my B&B and drink the coffee I grow.

We work hard to grow what may be the best coffee on Earth. To have that ruined by money hungry businessmen is something you can prevent. I hope that you will put the interests of the people as a whole, consumers and farmers, before this special interest group.

Thank you for hearing my opinion. As elected officials, I hope you'll be doing the right thing.

Best regards, Kurt Weigelt

EDGE OF THE WORLD
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bio: <http://www.myspace.com/kurtattheedge>
Edge: <http://www.konaedge.com>
HIHF: <http://www.hihf.org>
Pictures: <http://community.webshots.com/user/kanaenw>

Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends

Senate Committee on Agriculture & Hawaiian Affairs

Date: February 5, 2008

Time: 2:45 pm

Place: Conference Room 224

To Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

I am a retired Kona coffee farmer and a manufacturer of coffee processing equipment for small farms. I oppose SB2905 because I see this as yet another delaying tactic by major corporations who make huge profits out of Kona blend coffee which effectively lessens the value of real Kona coffee and negatively affects the livelihood of Kona coffee farmers. It is very unlikely that funding will be approved for the study, especially in the current economic climate, but I am sure that has been the plan all along. Unfortunately the legislature fell for it with the farmers economic interests overridden yet again.

The coffee farmers of Kona deserve a hearing of HB72 and SB661 during this session and expect their elected representatives to support such a request. Please allow open government by hearing HB72 and SB661, so that all sides may make their positions known to you.

Our Hawaii County Council unanimously voted to request this of you. Please do not insult them by refusing to hear the Bills that are already waiting hearing, and instead shuffling it off to a spurious "study". We do not need a study to confirm what you yourselves determined last year, that "existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the 'Kona coffee' name."

Ken Sheppard

kensheppard@hawaii.rr.com

www.kona-coffee-country.com/ashe

808-329-7239 or 808-895-0629

Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends

Aloha Senate Agriculture & Hawaiian Affairs Committee members,

As the owner of a small Kona coffee farm, Green Gecko Coffee, and a member of the Kona Coffee Farmers Association, the Kona Coffee Council, and the Farm Bureau, I want to express my opposition to SB2905.

It appears to me that SB2905 is intended to have the Legislature avoid considering the pending Truth-in-Labeling for Kona Coffee bills (HB72 and SB661) during this session, and therefore oppose this bill. As we all know, last year the Legislature made a factual determination that “existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the ‘Kona coffee’ name.” (SCR102/SD1/HD1). Fraud is fraud. The Legislature does not need a study to know that the Legislature has a responsibility to stop consumer fraud—without further years of delay.

Kona coffee growers (who do not sell inferior imported coffee) are united in their opposition to the existing “10% Kona blend” law. This law needs to be reformed—not in a couple of years, but NOW. Unfortunately, it seems that various special interests that do not grow Kona Coffee are suggesting a “study and stall” strategy to the legislature rather than encouraging you to take action now.

If the Kona coffee name is degraded and if Kona coffee thereby loses its reputation as a high quality specialty coffee (and loses the premium prices that come with that status), coffee growing in Kona will not be economically viable—and this heritage Hawaiian crop will be lost. This is in direct conflict with the desires of the Legislature to protect important ag lands—something that can only be done if there is a means of farmers being able to economically support themselves.

The Legislature should show respect for the Hawaii County Council—and honor the Council’s request that the pending Truth-in-Labeling for Kona coffee bills be heard in Committee and enacted (Hawaii County Council Resolution No. 417-07, November 20, 2007).

After the fraud issue has been addressed, I would encourage and support studies concerning Hawaii coffees which would examine marketing, promotional, and administrative issues to be implemented in future years. We have a top-quality product, and the State should do more to economically assist its farmers. The study’s focus should be on the extent to which the current status quo damages Kona coffee growers economically and degrades the Kona coffee name. For example, given basic principles of supply and demand, to what extent does the estimated annual sale in Hawaii of 5

million pounds of “fake Kona coffee” depress prices for the genuine product and lower the income of Kona coffee farmers? The focus of a study should not be on the impacts that might be felt by certain business interests if an end is put to consumer fraud. It is inherently deceptive to use the “Kona Coffee” name for 90% foreign grown coffee.

It is time for the legislature to enforce basic principles of consumer protection and fair marketing.

Sincerely,

Michael A. Katz
Owner, Green Gecko Coffee, Kealaola LLC

"Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends

Senate Committee on Agriculture & Hawaiian Affairs

Date: February 5, 2008

Time: 2:45 pm

Place: Conference Room 224

To Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

My name is Louise Hanna and I own a 6.7 acre farm located in the South Kona District, Luther Coffee Farm
88-1583 Ala Malino
Captain Cook, Hawaii 96704

My only crop is Kona Coffee and I am a member of the Kona Coffee Farmers Association. **I am opposed to SB2905** which seeks to initiate an unneeded study regarding regulations of Kona Coffee Blends.

The Legislature made a factual determination last year in SCR102/SD1/HD1 - "existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the 'Kona Coffee' name.

I personally support the the two pending Truth-in-Labeling for Kona Coffee bills (HB72 and SB661).

You can only blend down, not up. This means that a blend containing 10% of any coffee can not accurately convey the flavor or characteristics of that 10% component. The reputation of Kona Coffee is greatly degraded by allowing blends which contain less than 75% Kona Coffee to be labeled with the Kona Coffee name.

This November I roasted and served a pot of 100% Kona Coffee, grown on my farm, to a New Mexico coffee commercial coffee roaster. His comment was, " I thought I had had Kona Coffee before, obviously I have not, I must have had a blend. This is really good coffee, my customers will pay \$40 a pound for this distinctive quality coffee."

The 10% blending of Kona Coffee (blending 90% foreign coffee with 10% Kona Coffee) is no secret to the coffee trade, and it continues to damage the reputation of Kona Coffee.

Only by preventing consumer fraud by requiring a change in the labeling law now can we hope to preserve the Kona Coffee market for Kona Coffee Farmers. We grow a specialty coffee and our market is damaged by inferior blends labeled with the Kona name.

Please help the Kona coffee farmers by honoring the Hawaii County Councils's request (Hawaii County Council Resolution No 417-07, November 20, 2007) that the pending Truth-in-Labeling for Kona coffee bills be heard in Committee and enacted.

Sincerely,

Louise FS Hanna, Luther Coffee Farm

The coffee farmers of Kona do not need further study of regulations we need Labeling protection for our Heritage crop now.

LATE TESTIMONY

Colehour Bondera [colemel@kanalanifarm.org]

"Testimony in Opposition to SB2905 Relating to a Study of Regulations of Kona Coffee Blends"

Senate Committee on Agriculture & Hawaiian Affairs

Date: February 5, 2008

Time: 2:45 pm

Place: Conference Room 224

To Chairperson Tokuda, Vice Chairperson English, and members of the Committee:

My wife, children and I have a Kona coffee farm (Kanalani Ohana Farm) in Honaunau, on Bruner Road. We are members of the Kona Coffee Farmers Association which is supporting our interests.

If SB2905 is intended to have the Legislature avoid considering the pending Truth-in-Labeling for Kona Coffee bills (SB661 & HB72) during this session, I oppose this bill.

Last year the Legislature made a factual determination of what has been known for a long time: "existing labeling requirements for Kona coffee causes consumer fraud and confusion and degrades the 'Kona coffee' name." (SCR102/SD1/HD1)

The Legislature does not need a study to stop consumer fraud -- without further years of delay.

All [if not 100%, then a vast majority of] Kona coffee growers I know are adamantly opposed to the existing "10% Kona blend" law -- and want to see the law reformed. We have tried for years, but again we face "study and stall" strategies from the corporate coffee interests.

If the Kona coffee name is "degraded", and if Kona coffee thereby loses its reputation as a high quality "specialty coffee" (and loses the premium prices that come with that status), coffee growing in Kona will not be economically viable -- my family will suffer dramatically as a result since coffee is over 50% of our farm income and our family relies on the farm for over 75% of our total financial well being including that of our two young children...

The Legislature should show respect for the Hawaii County Council -- and honor the Council's request that the pending Truth-in-Labeling for Kona coffee bills be heard in Committee and enacted. (Hawaii County Council Resolution No. 417-07;

November 20, 2007.) This is an issue in Kona County and the State is not listening to what the County is asking for... Please respectfully listen!

The Legislature should support resolutions passed by the Hawaii County and State Democratic Party conventions, calling on the Legislature to reform labeling laws which permit deceptive marketing of Kona coffee.

After the fraud issue has been addressed, I am not opposed to studies concerning Hawaii coffees which would examine marketing, promotional, and administrative issues to be implemented in future years. I hold two masters' degrees and they are both focused on agriculture issues - Adult Agricultural Education and one emphasizing direct marketing of farm crops... Thus I am familiar with studies and why and how they are done.

If there is to be a study, the focus should be on the extent to which the current status quo damages Kona coffee growers economically, and degrades the Kona coffee name. For example, given basic principles of supply and demand, to what extent does the estimated annual sale in Hawaii of 5 million pounds of "fake Kona coffee" (ie, 10% Kona blends) depress prices for the genuine article and lower the income of Kona coffee farmers?

The focus of such a study should not be on the "impacts" that might be felt by certain business interests (especially if they are not Kona coffee farmers!) if an end is put to consumer fraud.

It is inherently deceptive to use the "Kona coffee" name for 90% foreign grown coffee. The legislature should enforce basic principles of consumer protection and fair marketing.

Colehour Bondera [colemel@kanalanifarm.org]