To: Representative Clift Tsuji, Chair
Committee on Agriculture
House of Representatives
Twenty-Fourth Legislature
Regular Session of 2008

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

Subject: Testimony Regarding SB 2905, SD2 –RELATING TO AGRICULTURE

For: Hearing on March 12, 2008
9:30 a.m. CR #325

Chair Tsuji, Vice Chair Brower and Honored Representatives,

Senate Bill 2905, SD2 requires the Department of Agriculture to conduct a study on the effect of regulations of Kona coffee blends.

On December 20, 2006, the Hawaii County Council adopted Resolution #18-06 requesting that the Hawaii State Legislature revise and clarify HRS 486-120.6 and recommending that any coffee labeled "Kona Coffee Blend" have at a minimum 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 Hawaii County Council.

On April 27, 2007, the Legislature passed SCR 102, SD!, 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. SCR 102 was introduced by Senators Kokubun and Tokuda.

SCR 102 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 Hawaii County Council passed Resolution #417-07 calling on the State Legislature to schedule committee hearings on HB72 and SB661. The Hawaii County Council Resolution referenced SCR 102 and pointed out three of the conclusions in SCR 102, 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 Hawaii 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 Hawaii 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. The Hawaii County Council calls upon the Legislature to adopt into law provisions that will provide truth in labeling of coffees baring the "Kona" name.

Why is a study needed to do this?

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?

Is it OK there aren't any signs saying this is a coffee blend, much less indicating that a "Kona coffee blend" is not a blend of Kona coffees but a mixture of one Kona coffee bean to nine, cheap imported beans.

Is it OK that coffee 'hot pots' in hotels, airports and other business establishments are labeled "Kona coffee" when the contents, more often that not, are a one in ten blend? All but the most consumer conscious drinkers believe they are getting Kona coffee from these containers, and most of those consumers are not impressed by the quality of coffee these containers dispense. Please take a look at the attached photographs, look at the labeling and ask yourself, what am I buying, is it Kona coffee?

Is it OK that Kona coffee is rated as "second rate" based on 'tasting of one of these 10% blends? Are coffee drinkers inspired to buy the 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 a package of "Hawaii" antheriums wherein only one antherium in ten is from Hawaii?

We call upon the Hawaii State Legislature to take action this session to provide real 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 Hawaii.

We ask you to amend SB 2905 to require that any coffee bearing the "Kona" name contain not less than 75% of Kona coffee. We ask than any product labeled as a "Kona coffee blend" identify the country or region of origin of all coffees contained in the blend and identify the percentage of each of these coffees contained in the blend.

Should the Legislature choose not to honor this request, we then ask that rather than allowing the current situation to continue unaddressed, you pass SB2905, SD2 to provide funding for the study that was already ordered by SCR 102, SD1, HD1. We ask that you include the following language in SB2905, SD2:

> "The department of agriculture's study of fiscal impacts shall include analysis of the impacts of existing labeling requirements on consumers, prices paid to farmers, and the reputation of Kona coffee. The department of agriculture is directed to seek input from the coffee organizations identified in the last paragraph of SCR102, SD1, HD1 [SLH2007.]"

Thank you for this opportunity to testify.

Attachment [1]

COUNTY OF HAWAI'I STATE OF HAWAI'I

RESOLUTION NO. 417 07

A RESOLUTION REQUESTING THE HAWAI'I STATE LEGISLATURE TO SCHEDULE COMMITTEE HEARINGS, GIVE FLOOR CONSIDERATION AND ADOPT INTO LAW THE PROVISIONS OF HOUSE BILL 72 AND SENATE BILL 661 TO PROVIDE TRUTH-IN-LABELING FOR KONA COFFEE.

WHEREAS, on December 20, 2006 the Hawai'i County Council adopted Resolution No. 18-06 requesting the Hawai'i State Legislature to revise and clarify HRS 486-120.6 and recommend that any coffee labeled "Kona Coffee Blend" shall have a minimum 75% Kona Coffee and should be labeled accordingly; and

WHEREAS, on January 18, 2007, a bill incorporating the recommendations of Hawai'i County Council Resolution No. 18-06 was introduced in the State House of Representatives (House Bill No. 72) and on January 19, 2007, an identical bill was introduced in the State Senate (Senate Bill 661); and

WHEREAS, on May 26, 2006 the Hawai'i State Democratic Party adopted a resolution recommending truth-in labeling measures for Kona Coffee; and

WHEREAS in January 2007 the Hawai'i State Democratic Party made House Bill 72 and Senate Bill 661 part of the Party's legislative package; and

WHEREAS, on April 27, 2007, the Hawai'i State Legislature adopted Senate Concurrent Resolution No. 102 in which the Legislature made factual findings that:

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"; and

WHEREAS, it is essential that the Hawai'i State Legislature act immediately to stop the consumer fraud, deception and confusion that is now being caused by existing labeling requirements for Kona coffee; and

WHEREAS, immediate legislative action is necessary to protect Kona coffee's reputation as a premier specialty coffee from further degradation; and

WHEREAS, House Bill 72 and Senate Bill 661 remain on the legislative docket for legislative consideration in the 2008 legislative session; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF HAWAI'I that the Hawai'i State Legislature is requested to schedule committee hearings, give floor consideration and adopt into law the provisions of House Bill 72 and Senate Bill 661 to provide truth-in-labeling for Kona Coffee; and

BE IT FINALLY RESOLVED, that the County Clerk shall forward copies of this resolution to Mayor Harry Kim, the Hawai'i County Department of Research and Development, Governor Linda Lingle, the Hawai'i State Department of Business, Economic Development and Tourism, and all members of the Hawai'i State Legislature.

Dated at Kona, Hawai'i, this 20th day of November, 2007.

INTRODUCED BY:

COUNCIL MEMBER, COUNTY OF HAWAI'I

COUNTY COUNCIL
County of Hawai'i
Hilo, Hawai'i

I hereby certify that the foregoing RESOLUTION was by the vote indicated to the right hereof adopted by the COUNCIL of the County of Hawai'i on November 20, 2007.

ATTEST:

COUNTY CLERK CHAIRMAN & PRESIDING OFFICER

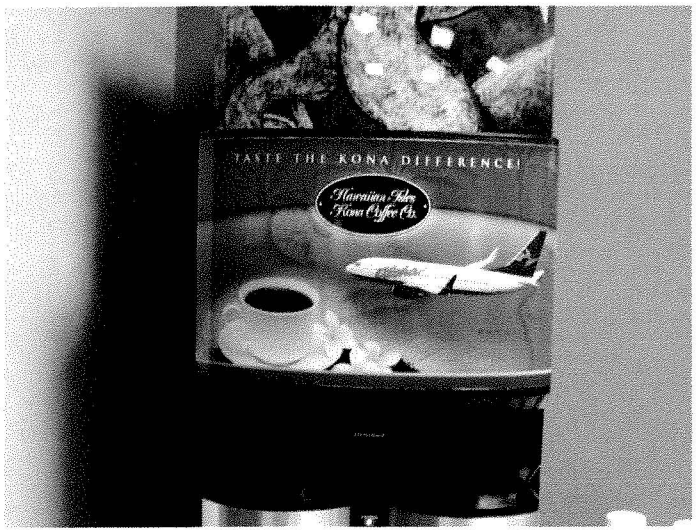
ROLL CALL VOTE

	AYES	NOES	ABS	EX
FORD	X			
HIGA	X			
HOFFMANN	X			
IKEDA	X			
JACOBSON	X			
NAEOLE	X			
PILAGO	X			
YAGONG			X	
YOSHIMOTO	X			
	8	0	1	0

Reference: C-799/Waived PWIRC

RESOLUTION NO. 417 07

What are you buying?



Hilo Airport – Aloha Executive Club Lounge

Hawaii State Capitol

Snack Shop