

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 280
H.D. 1
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 280, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal the following:

- (1) Statutory mandate that all Hawaii-grown green coffee beans be inspected and certified by the Department of Agriculture for grade and origin; and
- (2) Prohibition on shipping uninspected green coffee beans outside the area of their geographic origin.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawaii Farm Bureau Federation; Ka'u Farm Bureau; Hawaii Coffee Growers Association; Kona Fancy Ventures; Greenwell Farms, Inc.; Wakefield and Sons, Inc.; and nineteen individuals. Your Committee received testimony in opposition to this measure from Corkers' Rancho Aloha; Kona Coffee Farmers Association; Daily Fix Coffee; Hawaii 100% Kona Coffee Company; Dysart Farms; Luther Coffee Farm; Kanalani Ohana Farm; Konaloha Farms; Aerie Farms, LLC; Kona View Coffee; Kona Vie Coffee; Blue Sprits Coffee Roasting; Huahua Farm, LLC; Mokulele Farm; 'Ihilani Coffee Company; Kona Pure Coffee; and eighteen individuals.



Your Committee finds that the grading and certification standards for Hawaii-grown green coffee are important for preserving the integrity of Hawaii's coffee industry and protecting consumers. Your Committee recognizes the intention of statutorily mandating the Department of Agriculture to inspect and certify all Hawaii-grown green coffee for grade and origin before it leaves its geographic origin. However, the State's recent economic downturn and current conditions have made it difficult, if not impossible, for the Department to remain in compliance with this mandate without causing undue harm to farmers and processors who deal with green coffee. A statutory mandate impedes the Department of Agriculture's ability to respond to future fluctuations in the State's economy and manage its resources to effectively carry out the Department's objectives.

Your Committee further finds that the Department of Agriculture currently has administrative rules regarding the grading of agricultural commodities as well as rules regarding the geographic origin of Hawaii-grown green coffee. It is important to ensure that the Department of Agriculture maintains its rule making ability in this regard.

In addition, your Committee finds that stronger penalties are needed to combat the fraudulent labeling of Hawaii-grown green coffee as to the coffee's geographic origin. Your Committee is aware of past incidents of coffee counterfeiting and realizes that greater enforcement and penalties are needed to protect Hawaii's coffee industry.

As such, your Committee has amended this measure by:

- (1) Adding language to make the transport, distribution, advertisement, sale, or possession with the intent to sell, in the State, of Hawaii-grown coffee that has been falsely labeled as to the geographic origin of the coffee, a class C felony; and adding language to define the terms "geographic origin" and "green coffee"; and
- (2) Adding language to amend section 147-4, Hawaii Revised Statutes, to authorize the Department of Agriculture to adopt administrative rules relating to the inspection and certification of the geographic origin of Hawaii-grown green coffee beans;



- (3) Reinstating the prohibition on shipping Hawaii-grown coffee beans outside the area of their geographic origin to any point within the State or outside the State but adding an exception to the prohibition for beans for which the package has been marked with or contains a certification of geographic origin approved by the Department of Agriculture;
- (4) Inserting a savings clause and severability clause; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 280, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 280, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture,

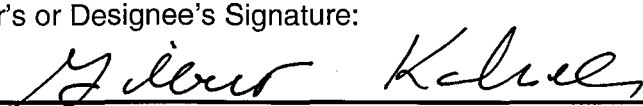
Clarence K. Nishihara

CLARENCE K. NISHIHARA, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Agriculture
AGL

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 280, HD1	AGL, WAM	3/20/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
KAHELE, Gilbert (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
KOUCHI, Ronald D.	✓			
SHIMABUKURO, Maile	✓			
TOKUDA, Jill N.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	6			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes