

STAND. COM. REP. NO.

1059

Honolulu, Hawaii

March 3, 2017

RE: H.B. No. 775
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 775, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to change the procedures that must be followed prior to the sale of eggs imported from outside of the State.

Specifically, this measure:

- (1) Repeals the requirement that permission from the Department of Agriculture (DOA) is needed prior to the removal of the eggs from any dock or landing;
- (2) Repeals the requirement for a certificate from the DOA that the eggs contained in the shipment are properly marked prior to being processed, sold, or offered for sale; and
- (3) Requires importation and other documents to be furnished to the DOA prior to the eggs being processed, sold, or offered for sale.



The DOA, Eggs Hawaii, Inc., and Hawaii Foodservice Alliance LLC testified in support of this measure. Petersons' Upland Farm LLC provided comments.

Your Committee shares the same concerns expressed by the last few remaining local egg farm producers, such as Petersons' Upland Farms LLC, that without an affirmative enforcement program regarding egg production and sales, mainland companies that are purchasing land here to start egg operations in Hawaii will begin to ship in eggs to Hawaii to sell under the local brand name. This will erode the original legislative intent of the regulations placed on egg producers. Your Committee notes that this will jeopardize the last remaining local egg operations.

However, your Committee is also sensitive to personnel requirements necessary for the inspection of all eggs shipped into Hawaii that were expressed by the DOA. Your Committee agrees that more positions are desperately needed for biocontrol and other essential functions of the DOA and that alternative ways of addressing this issue are needed. Your Committee notes that this measure does not eliminate the DOA's egg stamping program, but rather eliminates the requirements for active inspections and approval of all egg shipments into Hawaii. Your Committee finds that allowing the DOA or any private individual to bring an unfair and deceptive trade practice action against those that violate the DOA's egg stamping program creates a powerful mechanism for self-enforcement of the law. Therefore, inspections by the DOA would no longer be necessary in light of the severe violations a company or individual would face for disregarding or being noncompliant with the egg stamping program.

Accordingly, your Committee has amended this measure by stipulating that a violation of the notification requirements for the size, grade, or designation of origin of eggs is an unfair or deceptive act or practice and an unfair method of competition.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 775, H.D. 1, as amended herein, and recommends



that it pass Third Reading in the form attached hereto as H.B. No. 775, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



