

Honolulu, Hawaii

APR 08 2022

RE: H.B. No. 1517
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Ways and Means, to which was referred H.B. No. 1517, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO COFFEE,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Direct and appropriate funds for the Department of Budget and Finance to conduct an economic impact study regarding the impact of potential changes to coffee labeling laws on the local coffee industry; and
- (2) Appropriate moneys for the pesticide subsidy program.

Your Committees received testimony in support of this measure from the Department of Agriculture, Hawai'i County Council, Kona Coffee Farmers Association, Lions Gate Farms, Hawai'i Coffee Growers Association, Life of the Land, Hawaii's Thousand Friends, Hawai'i Coffee Association, Hawai'i Farmers Union United, one member of the Hawaii County Council, and eight individuals. Your Committees received testimony in opposition to this measure from the Department of Budget and Finance and the Hawai'i Food Industry Association. Your Committees received comments on this measure from Kanalani Ohana Farm, Hawai'i Alliance for Progressive Action,



Hawai'i Forest Stewards, two members of the Hawaii County Council, and three individuals.

Your Committees find that it is vital that the State protect its distinctive coffee brands and origin products. The existing ten-percent minimum blend law is deceptive to customers, degrades Hawaii's brand and flagship crop, and is damaging to the long-term economic health of coffee growers in the State. As an example, consumers who buy a regional blend often think they are purchasing a blend of different coffees from that region, when in reality, it could be ninety percent foreign beans from an entirely different country. This measure will continue to support coffee growers in the State by requiring an impact study to consider the effects of potential changes to the coffee labeling laws. Additionally, for every \$50 in pesticide subsidy costs spent per acre, approximately \$600 in improved crop value is returned to the farmer, which has the potential to increase income by up to \$2.4 million across the coffee community statewide. This measure further appropriates funds for the pesticide subsidy program to subsidize approved pesticides to treat coffee trees.

Your Committees note the testimony in support of certain amendments to existing labeling laws included in prior drafts of this measure and further find that, while the economic effects of changing Hawaii's coffee labeling laws are considered in the study proposed by this measure, Hawaii origin coffee blends should not be deceptively marketed. Accordingly, amendments to this measure are necessary to amend existing labeling laws in section 486-120.6, Hawaii Revised Statutes, to protect consumers. Your Committees further note this measure is not intended to prohibit the sale of coffees grown in other areas from being sold in the State, but to protect the brand of Hawaii-grown coffee.

Your Committees have amended this measure by:

- (1) Requiring the Department of Agriculture, rather than the Department of Budget and Finance, to conduct the study to assess the economic impact on the local coffee industry from potential changes to coffee labeling laws;
- (2) Reinserting certain amendments to section 486-120.6, Hawaii Revised Statutes, to:



- (A) Require disclosure on the label of coffee blends of the respective geographic and regional origins and percent by weight of the blended coffees;
 - (B) Make it a violation to use a geographic origin in labeling or advertising for roasted or instant coffee blends that contain less than fifty-one percent of coffee by weight from that geographic origin; and
 - (C) Prohibit use of the term "All Hawaiian" in labeling or advertising for roasted or instant coffee not produced entirely from green coffee beans grown and processed in Hawaii;
- (3) Amending section 1 and section 4 to reflect its amended purpose; and
 - (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1517, H.D. 2, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1517, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and Ways
and Means,


DONOVAN M. DELA CRUZ, Chair


ROSALYN H. BAKER, Chair



Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:
HB 1577, HD2, SD2	ACTIVE ET. CPN / WAM	6-4-2022
<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 <small>2312</small>		
<input checked="" type="checkbox"/> Pass, with amendments <small>2311</small>		
<input type="checkbox"/> Hold <small>2310</small>		
<input type="checkbox"/> Recommit <small>2313</small>		

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn				✓
NISHIHARA, Clarence K.	✓			
RIVIERE, Gil	✓			
SAN BUENAVENTURA, Joy A.	✓			
FEVELLA, Kurt	✓			
TOTAL	6			1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes

The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1517, HD2, SD1	Committee Referral: AEN/EET, CPN/WAM	Date: 4/1/22		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MISALUCHA, Bennette E.				X
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
WAKAI, Glenn				X
FEVELLA, Kurt	X			
TOTAL	8			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes