

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

FEBRUARY 23, 2022

2:30 P.M.

CONFERENCE ROOM 329 & VIA VIDEOCONFERENCE

HOUSE BILL NO. 1517 HD2
RELATING TO COFFEE

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on House Bill 1517 HD2. This measure requires coffee blend labels to disclose geographic and regional origins and percent by weight of the blended coffees, prohibits using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than a certain percentage of coffee by weight from that geographic origin, phased in to a minimum of fifty-one percent after 7/1/2024, prohibits use of the term "All Hawaiian" in labeling or advertising for roasted or instant coffee not produced entirely from green coffee beans grown in Hawaii, and appropriates moneys for the pesticide subsidy program and for one full-time equivalent position to conduct inspections. The Department supports the intent of this bill and offers comments.

The Department supports the Hawaii coffee industry and the use of unique geographic coffee growing regions to market, advertise and sell Hawaii-grown coffee.



While the Department can enforce grading and labeling of green Hawaii-grown coffee, the Department lacks the capability to regulate the authenticity of roasted and blended Hawaii-grown coffee labeling. Currently, there is no industry standard to determine the actual content or origin of the roasted and blended coffee and there is no commercially available equipment for effective enforcement and to effectively prove any fraudulent occurrence. The Department supports and appreciates the appropriation of funds for one full-time equivalent position to conduct inspections provided it does not adversely impact the Department's priorities in the Executive Supplemental Budget. This will give the Department capability to enforce packaging and labeling regulations. The inspector will also serve as lead in researching the potential adoption of new inspection and detection technology (such as Fourier Transform Infrared Spectroscopy, Stable Isotope Analysis) in order to effectively regulate the authenticity of roasted and blended Hawaii-grown coffee labeling.

Finally, the Department supports the appropriation of funds to assist coffee growers with subsidizing approved pesticides to treat coffee trees for coffee berry borer and coffee leaf rust. The Department continues to work directly with coffee growers around the state to provide education and outreach for the safe, lawful, and appropriate use of pesticides.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1517, H.D. 2

February 23, 2022
2:30 p.m.
Room 308 and Videoconference

RELATING TO COFFEE

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1517, H.D. 2, amends Section 486-120.6, HRS, to require coffee blend labels to disclose geographic and regional origins and their percentages by weight in the coffee blend; prohibit using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than a certain percentage of coffee by weight from that geographic origin, phased in to a minimum of 51% by July 1, 2024; prohibit use of the term "All Hawaiian" in labeling or advertising for roasted or instant coffee not produced entirely from green coffee beans grown in the State; appropriate an unspecified amount of general funds in FY 23 to the Department of Agriculture (DOA) for 1.00 position to conduct inspections; and appropriate an unspecified amount of general funds in FY 23 for the Pesticide Subsidy Program within the DOA to effectuate this bill.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that

states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

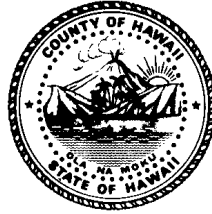
Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

REBECCA VILLEGAS
Council Member
District 7, Central Kona



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HAWAI'I COUNTY COUNCIL

West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy. Kailua-Kona, Hawai'i 96740

February 22, 2022

TESTIMONY OF REBECCA VILLEGAS COUNCIL MEMBER, HAWAI'I COUNTY COUNCIL ON HB 1517, RELATING TO COFFEE

Committee on Finance

Wednesday, February 23, 2022 at 2:30pm

Aloha Chair Luke and Members of the Committees:

I thank you for the opportunity to testify in support of HB 1517. My testimony is submitted in my individual capacity as a member of the Hawai'i County Council and Chair of the Hawai'i County Council Climate Resilience and Natural Resource Management Committee.

The purpose of this measure is to help protect the authenticity of Kona Coffee and codify standards for the industry, as well as provide additional support to our hard-working coffee farmers.

Hawaii has been the only region in the world that statutorily regulates the uses of its geographic names, such as "Kona", "Maui", and "Kau", on labels of its specialty agricultural products but requires that only ten per cent of the product originate in the geographic area indicated. The low ten per cent requirement directly damages and degrades the reputation of world-famous Hawaii-grown coffees and inhibits the economic interests of Hawaii coffee farmers. The legislature notes that a 2018 publication entitled "Strengthening sustainable food systems through geographical indications: An analysis of economic impacts" by the Food and Agriculture Organization of the United Nations and the European Bank for Reconstruction and Development concluded, among other things, that Kona coffee "does not enjoy any strong protection of its name" from the State and, as a result, downstream stakeholders, rather than farmers, "reap the economic benefits of the fame of Kona."

The purpose of this Act is to support Hawaii's coffee growers by requiring disclosure on the label of coffee blends of the respective geographic and regional origins and per cent by weight of the blended coffees. Making it a violation of the coffee labeling law to use a geographic origin in labeling or advertising for roasted or instant coffee blends that contain less than a certain percentage of coffee by weight from that geographic origin, phased in to a minimum of fifty-one per cent. Prohibiting 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.

For the reasons stated above I urge the Committee on Finance to support this measure as well. Should you have any questions, please feel free to contact me at (808) 323-4267.

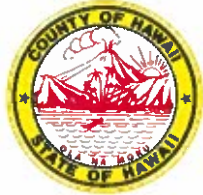
Hawai'i County is an Equal Opportunity Provider and Employer.

Mahalo for your consideration.

A handwritten signature in black ink, appearing to read 'Rebecca Villegas', with a stylized, cursive script.

Rebecca Villegas
Council Member, Hawai'i County Council

Maile Medeiros David
Council Chair
Council District 6
(Portion N. S. Kona/Ka'ū /Volcano)



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HAWAI'I COUNTY COUNCIL

County of Hawai'i
West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740

February 22, 2022

Honorable Sylvia Luke, Chair
Honorable Ty J.K. Cullen, Vice Chair
Committee on Finance
Via Videoconference

Re: H.B. No. 1517 – Relating to Coffee

Honorable Chair Luke and Vice Chair Cullen:

On behalf of myself and as Councilmember representing the rural districts of South Kona, Ka'ū and Volcano Village (Council District 6), I express my strong support of HB 1517 relating to coffee labeling.

On November 3, 2021, the Hawai'i County Council unanimously approved Resolution No. 223-21 urging the Hawai'i State Legislature to amend the coffee labeling requirements for blends of geographically named Hawai'i-grown coffee and therefore I fully support the intent of H.B. 1517 relating to coffee.

I again reiterate the unanimous approval of Resolution No. 223-21 by the Hawai'i Council, and strong support of H.B. 1517. Mahalo a nui loa for your positive consideration.

Very truly yours,

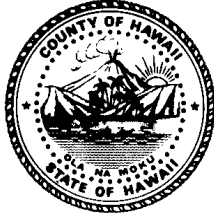
Maile David

Maile David, Council Member
Council District 6, S. Kona, Ka'ū, and Volcano Village

HEATHER L. KIMBALL

Council Member

*Chair, Committee on Governmental Operations,
Relations and Economic Development
Council District 1*



Contact Information

(808) 961-8828

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heather.kimball@hawaiicounty.gov

HAWAI‘I COUNTY COUNCIL

*County of Hawai‘i
Hawai‘i County Building
25 Aupuni Street, Suite 1402
Hilo, Hawai‘i 96720*

TO: Representative Silvia Luke, Chair
Representative Kyle T. Yamashita, Vice Chair
House Committee on Finance

FROM: Heather L. Kimball
Council Member, District 1

DATE: February 22, 2022

SUBJECT: **SUPPORT HB 1517, RELATING TO COFFEE**

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The purpose of this measure is to require truth in labeling for Hawaiian coffee and appropriate funds to support the pesticide subsidy program.

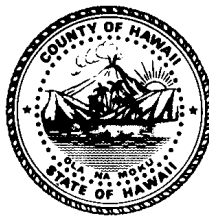
In this instance I am providing testimony in my capacity as an individual member of the Hawai‘i County Council. However, the Hawai‘i County Council did vote unanimously to urge the State of Hawai‘i to pass legislation increasing the minimum percentage requirement for blends of Hawai‘i-grown coffee from 10% to 51%, and that the remaining contents be geographically identified by origin.

I **SUPPORT** this measure for the following reasons:

1. It values the premier, specialty Hawaiian coffee industry that has been operating for over 200 years and has become a valuable commodity in the State by requiring coffee blend labels to disclose geographic and regional origins and per cent by weight of the blended coffees.
2. It preserves the Hawai‘i-grown coffee brand by prohibiting using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than a certain percentage of coffee by weight from that geographic origin, phased in to a minimum of 51% after 7/1/2024
3. It protects customers by prohibiting the 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.

For these reasons, I **SUPPORT** HB 1517 Relating to Coffee.

Holeka Goro Inaba
Council Member, District 8, N. Kona



Office: (808) 323-4280
Email: holeka.inaba@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

County of Hawai'i
West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740

February 22, 2022

Committee on Finance
Representative Sylvia Luke, Chair
Representative Kyle T. Yamashita, Vice Chair

Re: Testimony in support of HB1517 HD2, RELATING TO COFFEE LABELING
Videoconference Hearing: February 23, 2022 at 2:30 p.m.

Dear Chair, Vice Chair, and Members of the above referenced Committee,

On behalf of myself and constituents of Council District 8 in North Kona, I would like to express support for the above referenced bill, and submit a brief testimony as follows:

We support HB1517, HD2 which requires coffee blend labels to disclose geographic and regional origins and percent by weight of the blended coffees. This measure also prohibits using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than a certain percentage of coffee by weight from that geographic origin, phased into a minimum of 51% after July 2024, as well as prohibits 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.

In November 2021, I introduced Resolution 223-21 related to Coffee Labeling at the Hawai'i County Council where it received unanimous support from my colleagues. Similar to Resolution 223-21, the current measure before you makes sense and works to protect our coffee farmers on the Big Island and the largest agricultural crop in the State of Hawai'i. Without remedy and the protections called for in this bill, there will be devastating long-term impacts to Hawai'i's economy.

I strongly urge the passing of HB1517 HD2.

Sincerely,

A handwritten signature in cursive script, appearing to read "Holeka Goro Inaba".

HOLEKA GORO INABA, Council Member
District 8, North Kona



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 23, 2022
Re: HB 1517 HD2 RELATING TO COFFEE**

Good afternoon, Chairperson Luke and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

The Retail Merchants of Hawaii is in opposition of HB 1517 HD2 Relating to Coffee. This measure requires coffee blend labels to disclose geographic and regional origins and percent by weight of the blended coffees. Prohibits using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than a certain percentage of coffee by weight from that geographic origin, phased into a minimum of fifty-one percent after 7/1/2024. Prohibits use of the term "All Hawaiian" in labeling or advertising for roasted or instant coffee not produced entirely from green coffee beans grown in Hawaii. Appropriates moneys for the pesticide subsidy program and for one full-time equivalent position to conduct inspections. Effective 7/1/2050.

While we understand the intent of this measure, we also realize that it may do more harm to the local coffee industry. Currently many of our visitors return home with bags of local coffee to reminisce about their stay in the islands. Local restaurants use Kona Coffee. Residents enjoy local coffee in their homes. The majority are well aware that the coffee they are purchasing is a blend of at least 10% locally grown coffee beans and therefore at an affordable purchase price.

We have strong concerns regarding the phasing in of the minimum percentage of coffee required for the use of geographical regions. Manufactures and retailers of local coffee know the price point that their consumers are willing to pay. By mandating that a minimum of 51% of locally grown coffee be included as the coffee blend, the cost of this product would significantly increase. This may be a deterrent for people and businesses to purchase locally grown coffee if prices are too high and find alternative brands that are not from local coffee growers. We need to help to promote and encourage local business and not deter people from purchasing our local products.

Locally grown coffee like that from Kona is already one of the most expensive coffee beans in the world. To mandate that 51% of the coffee used must come from local beans to be called Kona or Kauai coffee as an example would drive the price per bag up significantly. The average businesses, visitors, and locals may stop purchasing bags if the locally grown coffee becomes too expensive.

With the current drop in visitors and customers in restaurants and many retail outlets due to the pandemic, businesses are very cognizant of ordering supplies conservatively as well as the price point. We don't want to see our local coffee become so expensive that many locals are not able to afford to purchase a bag to brew at home or the visitor not willing to pay the price to be able to get a taste of what the islands have to offer with a sip of coffee with locally grown beans.

Retailers like many businesses are struggling to survive and to keep their employees employed. We can't afford to price our local products out of the marketplace and only the wealthy can purchase and not the average local kamaaina. We hope that you hold this measure.

Mahalo for this opportunity to testify.



— CORKERS' —

RANCHO ALOHA

estate grown • certified organic

February 20, 2022

Chair Luke and Members of the Committee:

I am a coffee farmer in the North Kona District of Hawaii County and a Board Member of the Kona Coffee Farmers Association.

I STRONGLY SUPPORT HB1517, and offer 2 points in favor of passage:

1--**HB1517 is a Compromise.** For more than 30 years Hawaii has been the only region anywhere in the world to authorize the use of its regional names (“Kona”, “Ka’u”, “Maui”, “Kauai”) on labels of an agricultural product with only 10% of the contents from the named region. By contrast, France prohibits word “Champagne” on the label unless 100% of the wine in the bottle is from grapes grown in the Champagne Region; Idaho requires 100% genuine content to use the words “Idaho Potatoes” on a label; and Vermont requires 100% genuine content for labeling “Vermont Maple Syrup”. Although Hawaii coffee farmers would prefer this type of 100% requirement for the labeling of our product, HB1517 represents a compromise and an important step toward addressing the consumer fraud and the damage to the economic interests of farmers that has been caused by Hawaii’s 10% coffee blend labeling law.

2—**Support is Needed for Hawaii’ Farmers.** In Resolution No. 223-21 (unanimously passed last November), the Hawaii County Council asked the Legislature to adopt a 51% minimum and noted that past efforts to enact truthful labeling provisions “have failed due to fierce opposition from ‘coffee blender’ entities motivated by their desire to advance their own economic benefit at the expense of Hawaii’s coffee industry and local coffee farmers.” Along with the Hawaii County Council, I ask this Committee to support Hawaii’s farmers.

Please pass HB1517.

Bruce Corker
Rancho Aloha
Holualoa Hawaii County



Officers

Vincent Mina
State President
HFUU

Anabella Bruch
Vice-President
HFUU

Maureen Datta
Secretary
HFUU

Reba Lopez
HFUU Treasurer

Chapter Presidents

Dash Kuhr
Kohala, Hawai'i

Drake Weinert
East Hawai'i

Steve Lund
Puna, Hawai'i

Andrea Drayer
K'au, Hawaii

Maureen Datta
Kona, Hawai'i

Robert Boudreaux
Hana, Maui

Reba Lopez
Haleakala, Maui

Bobby Pahia
Mauna Kahalawai,
Maui

Kaipo Kekona
Lahaina, Mau

Brynn Foster
North Shore, Oahu

Christian Zuckerman
Wai'anae, Oahu

Vincent Kimura
Waimanalo, Oahu

Anabella Bruch
Kauai

Aloha Chair Luke, Vice Chair Yamashita, and Committee members,

HFUU is a 501(c)(5) agricultural advocacy nonprofit representing over 1,500 family farmers and their supporters organized as 14 Chapters in the four Hawai'i Counties. That includes coffee farmers in Kona on Hawai'i Island. **HFUU strongly supports HB1517.**

Many such farmers have testified in support of this Bill. They speak as owners of family farms who are able to make a living because they grow, process and sell a high-value "Origin" coffee from "Kona" and other Hawaii Origins. It is well-recognized, as recounted in HB144, that the way in which Hawaii's current law allows a 10% coffee blend to be labeled "Kona," (or "Ka'u," "Hamakua," "Maui," or "Kauai") is "misleading". The Legislature's 2007 Concurrent Resolution called it "consumer fraud." Hawaii County's 2014 Resolution called it "inherently deceptive and misleading."

It is also economically harmful to Origin coffee farmers. In 2018 the United Nations Food and Agriculture Organization concluded that these Hawaii Origin brands, like Kona: do "not enjoy any strong protection of its name" and that the result is "downstream stakeholders, rather than farmers, reap the economic benefits of the fame of Kona."

The opponents of this legislation are those "downstream stakeholders," who the United Nations says "reap the economic benefits" of 10% blended coffee. They have testified that "no one can accurately predict" the economic effect of requiring Hawaii's Origin coffee blends to contain 51% Kona, Ka'u, Hamakua, Maui or Kauai coffee. We can predict however, that Hawaii Origin coffee blends will no longer be deceptively marketed. We can also predict that 51% coffee blends will still be less expensive than 100%-- only now their cost will be linked to the fair value of Hawaii's Origin coffees.

We commend you and your colleagues representing constituencies throughout Hawaii for supporting this long overdue measure and urge your Committee to give it unanimous support.

Mahalo for the opportunity to testify.

Vincent Mina President HFUU/HFUF



PO Box 168, Kealahou, HI 96750

HOUSE COMMITTEE FINANCE

February 23, 2022

RE: Testimony in support of HB1517 HD2

Aloha Chair Luke, Vice Chair Yamashita and members of the committee,

I am Chris Manfredi, Executive Director of Hawaii Coffee Association (HCA).

The Hawaii Coffee Association's broad-based membership includes producers and businesses, large and small, positioned throughout the supply chain, including growers, processors, wholesalers and retailers. The largest farm in the state and independent smallholders are represented in our membership. Additionally, our members include other coffee organizations like the Maui Coffee Association (MCA), the Hawaii Coffee Growers Association (HCGA) and the Kona Coffee Farmers Association (KCFA).

The Hawaii Coffee Association supports HB1517 HD2.

We like that the measure includes a phased approach.

We like that "Foreign Grown Coffee" is an option for sellers who may not want to disclose country of origin for their blends.

We appreciate and support that the HD2 includes additional funding for enforcement.

Counterfeit and poor-quality blended coffee introduced into the marketplace undermines the hard work of Hawaii's growers and producers, who are forced to compete with fake and foreign-grown products that carry the name of Hawaii's growing regions. These fakes are often priced below the cost of production of genuine Hawaiian coffee. This creates downward price pressure during a time when costs are increasing for producers. Labor is up. Fertilizer is up. Pest control is up. Transportation is up.

Growers work tirelessly to produce some of the finest coffee grown anywhere. This is necessary so they can command a high price; to stay in business, pay their employees and feed their families. When they visit the supermarket, they are outraged that coffee is offered on the same shelves as their own at a price lower than their cost of production. You may ask how this is possible. It's possible because unethical sellers introduce foreign grown coffee into their packaging and represent it as a Hawaii-grown product. Hawaii's coffee growers are squeezed between a high cost of production and unfair competition.

It's important to note that a 51% Hawaii-grown blend ratio is a compromise between 100% and the current system that allows one bean in ten to be Hawaii-grown. We have heard opponents to this measure testify that the taste of their blends is "different". We agree with those statements. We find many of their blends to be below minimum grade standards for Hawaii-grown coffee as outlined in HAR 4-7-143. Hawaii's producers are regulated and bound by these minimum grade standards, yet the imported coffee used in these blends is unregulated by Hawaii's strict minimum grade standards. This is unfair and undermines Hawaii's premium reputation and brands built on high quality.

Further, one must question the wisdom of importing raw, foreign-grown coffee into our coffee growing regions and fragile ecosystems. These shipments are, at least, a prime vector for the introduction of invasive species.

We have discovered an unintended consequence in the bill as it relates to blends comprised of 100% Hawaii-grown origins. We ask the bill to be amended so that “shall” be replaced with “may” as it appears in Part II, Section 2 (b), particularly as it relates to blends comprised of 100% Hawaii-grown coffee from various coffee growing regions located throughout Hawaii and designated in HAR 4-7-143.

PART III of the measure appropriates funds for the existing pesticide subsidy program. This program has been a lifeline for Hawaii’s coffee growers in the battle against invasive pests and disease; most notably Coffee Berry Borer and Coffee Leaf Rust.

A report released on January 21, 2022 by USDA National Agricultural Statistics Service (NASS) suggests the value of Hawaii’s green coffee crop in the 2021-22 exceeds \$113,000,000. This figure places coffee near the top of the charts in statewide crop value, yet does not account for upstream and downstream revenue in terms of value-added products and ancillary businesses. It’s also important to note the coffee industry promotes tourism, and preserves open space, view planes and watersheds.

The typical coffee farm in Hawaii is a small family farm, yet the largest farm in the state is also a coffee farm. For more details regarding Hawaii’s coffee industry impacts on the State’s economy, please see the attached document: *What’s at Stake: The Loss of Hawaii’s Coffee Industry, A Major Economic Driver.*

Coffee leaf rust (CLR) has been discovered on Hawaii Island, Kauai, Maui, Oahu and Lanai. CLR poses a devastating threat to Hawaii’s coffee industry. CLR is known to spread rapidly and leads to defoliation and tree death. Coffee Berry Borer (CBB) remains a significant threat in all coffee producing regions.

Hawaii’s coffee farmers have the highest cost of production anywhere, particularly with recent labor shortages and inflationary pressures. The cost to manage layers of threats caused by invasive species and COVID are squeezing Hawaii’s farmers more than ever before. Yet we still compete in a global market with our counterparts across the globe who do not share our high costs. We respectfully ask that the Pesticide Subsidy Program be continued and be adequately funded, at least until we can transition to coffee varieties that are resistant to Coffee Leaf Rust. Your support is vitally important to Hawaii’s coffee growers and the many families and businesses that depend on our industry.

Please pass HB1517 HD2.

Please accept our thanks and respect on behalf of the hard-working coffee producers located throughout the State of Hawaii.



Released January 21, 2022, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Coffee Utilized Production Up 17 Percent from Last Season

Hawaii utilized coffee production is forecast at 26.7 million pounds (cherry basis) for the 2021-2022 season, up 17 percent from the previous season. Bearing acreage totaled 7,100 acres, up 300 acres from the previous year. Average yield, at 3,820 pounds (cherry basis) per acre, was up 310 pounds from the previous year.

Coffee Bearing Acreage, Yield, Production, Price, and Value – Hawaii and United States: 2019-2020, 2020-2021, and 2021-2022

State	Bearing acreage			Yield per acre ¹		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(acres)	(acres)	(acres)	(pounds)	(pounds)	(pounds)
Hawaii	6,900	6,800	7,100	3,952	3,510	3,820
United States	6,900	6,800	7,100	3,952	3,510	3,820
State	Total production ¹			Utilized production ¹		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)
Hawaii	27,270	23,870	27,120	26,880	22,715	26,690
United States	27,270	23,870	27,120	26,880	22,715	26,690
State	Price per pound ¹			Value of utilized production ¹		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(dollars)	(dollars)	(dollars)	(1,000 dollars)	(1,000 dollars)	(1,000 dollars)
Hawaii	2.02	2.13	2.25	54,298	48,383	60,053
United States	2.02	2.13	2.25	54,298	48,383	60,053

¹ Cherry basis.

Coffee Utilized Production and Price on Equivalent Basis – Hawaii: 2019-2020, 2020-2021, and 2021-2022

Basis and State	Utilized production			Price per pound		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(dollars)	(dollars)	(dollars)
Parchment						
Hawaii	6,400	5,390	6,510	14.10	13.40	12.40
Green						
Hawaii	5,120	4,312	5,208	20.10	19.40	21.70

Coffee Harvested Not Sold Production – Hawaii and United States: 2019-2020, 2020-2021, and 2021-2022

State	Harvested not sold ¹		
	2019-2020 (1,000 pounds)	2020-2021 (1,000 pounds)	2021-2022 (1,000 pounds)
Hawaii	390	1,155	430
United States	390	1,155	430

¹ Cherry basis.

Definition of Terms

Bearing acreage: An orchard or grove is considered to be of bearing age when it can normally be expected to produce a commercially significant quantity of the crop. Bearing age is a function of many factors including variety, rootstock, year planted, etc.

Harvested not sold: Fruit of marketable quality that was picked but not sold for various reasons.

Total production: The quantity of a crop actually harvested.

Unutilized production: The difference between total and utilized production, which is marketable fruit harvested not sold or utilized.

Utilized production: The amount of a crop sold plus the quantity used at home or held in storage.

Yield per acre: Unless otherwise stated, yield per acre is based on total production.

Value: Crop value estimates in this report cover the marketing season or crop year and should not be confused with cash receipts which are based on a calendar year.

Statistical Methodology

Survey Procedures: Standardized probability grower surveys are conducted semiannually to collect acreage, yield, production, and price data. All millers are also surveyed semiannually to determine quantity handled. Data from operators is collected by mail, internet, telephone, or personal interview to ensure adequate coverage.

Estimating Procedures: Information obtained from the coffee grower and miller surveys along with federal administrative data is used to establish estimates of bearing acres, yield, total production, utilized production, price, and value. These estimates are reviewed for errors, reasonableness, and consistency with historical estimates.

Revision Policy: End-of-season estimates will be published in the *Noncitrus Fruits and Nuts – Summary* released in May. Revisions the following year are based on a thorough review of all available data.

Reliability: Survey indications are subject to sampling variability because all operations growing coffee are not included in the sample. Survey results are also subject to non-sampling errors such as omission, duplication, imputation for missing data, and mistakes in reporting, recording, and processing the data. These errors cannot be measured directly, but they are minimized through rigid quality controls in the data collection process and a careful review of all reported data for consistency and reasonableness.

Information Contacts

Listed below are the commodity statisticians in the Crops Branch of the National Agricultural Statistics Service to contact for additional information. E-mail inquiries may be sent to nass@usda.gov

Lance Honig, Chief, Crops Branch.....	(202) 720-2127
Fleming Gibson, Head, Fruits, Vegetables and Special Crops Section	(202) 720-2127
Fleming Gibson – Blueberries, Cranberries, Cucumbers, Pistachios, Potatoes, Pumpkins, Raspberries, Squash, Strawberries, Sugarbeets, Sugarcane, Sweet Potatoes	(202) 720-2127
Deonne Holiday – Almonds, Apples, Asparagus, Carrots, Coffee, Onions, Plums, Prunes, Sweet Corn, Tobacco.....	(202) 720-4288
Robert Little – Apricots, Dry Beans, Lettuce, Macadamia, Maple Syrup, Nectarines, Pears, Snap Beans, Spinach, Tomatoes	(202) 720-3250
Krishna Rizal – Artichokes, Cauliflower, Celery, Garlic, Grapefruit, Hazelnuts, Kiwifruit, Lemons, Mandarins and tangerines, Mint, Mushrooms, Olives, Oranges,.....	(202) 720-5412
Chris Wallace – Avocados, Bell Peppers, Broccoli, Cabbage, Chickpeas, Chile Peppers, Dates, Floriculture, Grapes, Hops, Pecans	(202) 720-4215
Antonio Torres – Cantaloupes, Dry Edible Peas, Green Peas, Honeydews, Lentils, Papayas, Peaches, Sweet Cherries, Tart Cherries, Walnuts, Watermelons	(202) 720-2157

Access to NASS Reports

For your convenience, you may access NASS reports and products the following ways:

- All reports are available electronically, at no cost, on the NASS web site: www.nass.usda.gov
- Both national and state specific reports are available via a free e-mail subscription. To set-up this free subscription, visit www.nass.usda.gov and click on “National” or “State” in upper right corner above “search” box to create an account and select the reports you would like to receive.
- Cornell’s Mann Library has launched a new website housing NASS’s and other agency’s archived reports. The new website, <https://usda.library.cornell.edu>. All email subscriptions containing reports will be sent from the new website, <https://usda.library.cornell.edu>. To continue receiving the reports via e-mail, you will have to go to the new website, create a new account and re-subscribe to the reports. If you need instructions to set up an account or subscribe, they are located at: <https://usda.library.cornell.edu/help>. You should whitelist notifications@usda-esmis.library.cornell.edu in your email client to avoid the emails going into spam/junk folders.

For more information on NASS surveys and reports, call the NASS Agricultural Statistics Hotline at (800) 727-9540, 7:30 a.m. to 4:00 p.m. ET, or e-mail: nass@usda.gov.

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If you wish to file a Civil Rights program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form](#) (PDF), found online at www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750
February 2022

What's at Stake: The Loss of Hawaii's Coffee Industry, A Major Economic Driver

As growers of one of the State's most important agricultural crops, we are nearly 1,500 strong tending more than 10,000 acres. Not only do we preserve open space and watersheds, we are a pillar of the local economy: For the 2021-2022 season, the USDA values Hawaii's unroasted coffee at \$113.01 million¹. The roasted equivalent is worth more than \$161.45 million². These narrow statistics fall short of accounting for upstream and downstream revenues from increased tourism and ancillary businesses. They do not account for the countless citizens and their families who depend on Hawaii-grown coffee for their livelihoods.

After more than 200 years of growing coffee on these islands, our industry is facing the most destructive coffee disease in the world: Coffee Leaf Rust (CLR), a fungus that can kill an entire farm in a matter of weeks. Annually, CLR causes \$3 billion in damage and lost income around the world.

In Hawaii, the stakes are higher than elsewhere. While most other coffee-growing regions have planted rust-resistant varieties, all of the ones commercially grown in Hawaii are not resistant. And the best fungicides used to fight this disease have not been approved here.

CLR has been found and is spreading rapidly on Hawaii Island, Maui, Oahu, Kauai and Lanai. Its spores are spread by wind, workers, rain, equipment and tourists. As a result, farmers are facing defoliation, a loss of yield up to 70% or more and significantly higher production costs. So far, in the 2021-2022 season, many farmers have had to raise their prices for unroasted coffee between \$1.50 and \$3.00+ per pound.

¹ 2021-2022 season estimate, pounds of utilized production (green beans) x price per pound: 5,208,000 pounds x \$21.70/pound = \$113.01 million. Source: USDA-NASS. Jan 2022. "Coffee".

https://www.nass.usda.gov/Statistics_by_State/Hawaii/Publications/Fruits_and_Nuts/Coffee%20Data%20Release%202022.pdf

² This is a wholesale roasted estimate of the value of the 2021-2022 season crop, priced at \$31.00 per pound: 5,208,000 pounds of green beans x \$31.00/pound = \$161.45 million. The \$31.00/pound is an average statewide value for the season that takes into account the lower wholesale prices of mechanically harvested coffee (Kauai, Oahu and Maui beans) and the higher prices of hand-harvested beans (Kona, Ka'u). It also reflects rising cost of production due to CLR.

To help save our industry, as well as the communities and families that depend on it, we need State, Federal and private support and we need it NOW.

Without action, we stand to lose hundreds of millions of dollars in Hawaii's economy – a contribution that far exceeds the value of the beans themselves. To grow our coffee, we hire thousands of workers and buy from local industries such as transportation and vendors of agricultural supplies. For the 2021-2022 season, this so-called “downstream economic impact” is estimated at about \$231.67 million³.

Then there is the “upstream economic impact” of Hawaiian coffee, which is unquantified. Compared to most other crops grown here, coffee offers two advantages: 1) Its worldwide popularity boosts the tourism potential of events such as the Kona Coffee Festival. 2) It is shelf stable. That makes Hawaiian coffee a major attraction for the souvenir market, drawing tourists to shops, cafes and agritourism operations statewide. In turn, these visitors create more worldwide demand for Hawaiian coffee once they return home. For example, foreign exports of coffee from Hawaii, valued at \$10.60 million⁴ in 2020, are an ongoing international advertisement for the Hawaii islands.

The economic losses from CLR would have an outsized impact in rural areas, where few other industries exist. Remember the collapse of the local sugar industry? We can expect similar results: dramatically increasing unemployment – especially of historically underserved and minority populations – accompanied by increasing crime and drug use. Not to mention the harm to the cultural heritage of our islands.

What We Need:

- Statewide approval of the most effective CLR fungicides, and subsidies for farmers to purchase them.
- Support for development of the best CLR-management strategies in Hawaii, as well as support to educate farmers of them.
- Support for research of the best CLR-resistant varieties that will maintain the quality of Hawaii coffees. Also support for the importation, propagation and distribution of CLR resistant varieties, including expanded plant-quarantine facilities. (This is a 5–10-year project.)
- Support for farmers to replace their existing fields with rust-resistant varieties.
- *Support for other ways to build capacity and resilience within farm communities.*

Contact:

- Chris Manfredi Executive Director, Hawaii Coffee Association, cmanfredi@hawaiicoffeeassoc.org
- Suzanne Shriner Administrator, Synergistic Hawaii Ag Council, suzanne@shachawaii.org

³ Using multiplier of 2.05, applied to the 2021-2022 season value of the State's green beans: \$113.01 million x 2.05 = \$231.67 million. Multiplier from correspondence between HDOA chair P. Shimabuku and USDA Secretary S. Perdue, dated November 19, 2020.

⁴ Worldwide exports of \$4.46 million in roasted coffee from Hawaii + \$6.14 million in unroasted coffee (green beans) from Hawaii. Source: USDA Global Agricultural Trade System. 2020 data.



RE: SUPPORT for HB1517
RELATING TO COFFEE

Coffee Labeling; Blended Coffee; Percent of Coffee by Weight; Pesticide Subsidy Program; Appropriations

Aloha Chair Luke, Vice Chair Yamashita, and Committee Members,

The Kona Coffee Farmers Association (KCFA) stands in support of this Bill. We represent 200 farms and agribusinesses in the Kona district.

We appreciate the Legislature working to protect our growers by increasing the blend ratio of coffee that can legally be labeled “Hawaiian”. While many KCFA growers would like to see 100% as a minimum, this phased-in bill is a reasonable compromise that should protect everyone in the industry, from our small farms to the larger processors.

The current demand for Kona coffee far exceeds available supply. Quite simply, there is not enough Kona, Ka’u or Maui coffee to meet the global desire for Hawaiian coffee. To continue to allow a 10% blend ratio is deceptive to consumers, degrades the Hawai’i brand and is damaging to the long-term economic health of our growers.

Regarding the pesticide subsidy, for every \$50 in subsidy costs spent per acre, approximately \$600 in improved crop value is returned to the farmer. This has the potential to increase income by up to \$2.4 million across our statewide coffee communities. The University of Hawai’i estimates that each agricultural dollar circulates 11 times through the community, via local wages, goods and services. Supporting ag is good for the economy.

Please pass this bill in its entirety. Mahalo nui loa!

Suzanne Shriner
President



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
Eddie Asato, Pint Size Hawaii, *Vice Chair*
Gary Okimoto, Safeway, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schliff, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 23, 2022
TIME: 2:30pm
PLACE: Via Videoconference

RE: HB1517 HD2 Relating to Coffee

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

We believe in encouraging and supporting local food and drink production. This law would make it harder for businesses selling Hawaii coffee to create labels that best suit their brand and make it harder to promote local coffee to consumers. The existing coffee label regulations are clear and provide ample information to customers about what type of coffee they are getting.

Different ways of blending, roasting, and even brewing coffee create different products with different flavors and characteristics. Decisions about developing and marketing these different types of coffees should be left to coffee growers, blenders, roasters, brewers, and coffee drinkers. These are not the type of things that should be mandated by government bodies. For these reasons we ask that you hold this measure. Thank you for the opportunity to testify.

HAWAII COFFEE COMPANY™

1555 Kalani Street
Honolulu, Hawaii 96817
Ph: 808-847-3600
Fax: 808-847-7900
www.hicoffeeco.com



TO: Representative Sylvia Luke, Chair
Representative Kyle Yamashita, Vice Chair
Committee on Finance

FROM: Gerard Bastiaanse
President- Hawaii Coffee Company

RE: **HB 1517 HD2 Relating to Coffee – In Opposition**
February 23, 2022; 2:30 p.m.; **Agenda #2**

Aloha Chair Luke, Vice Chair Yamashita and members of the committee:

Hawaii Coffee Company is in opposition to HB 1517 HD2, which would increase blend requirements for Kona coffee sold from a 10% Kona bean requirement up to a 51% requirement on July 1, 2024 and continuing thereafter.

Hawaii Coffee Company offers a range of coffee, from 10% Kona blend to 100% Kona coffee as well as similar consumer coffee blend options from other Hawaii coffee growing regions. All product labels clearly reflect whether the coffee is a blend of Kona coffee or 100% Kona coffee to ensure that customers are fully informed of the composition of the coffee product. Based on available market information, we believe Hawaii Coffee Company sells significantly more volume of 100% Kona coffee to consumers in Hawaii than any other company. In a typical year, approximately half of the Kona coffee purchased by Hawaii Coffee Company from Kona farmers goes into 100% Kona products.

We believe it is important to offer consumers a range of coffee products from 10% Kona blend to 100% Kona coffee for several reasons.

First, Kona coffee has a distinctive taste and, therefore, the amount of Kona coffee in a blend can change the taste of the coffee. Some consumers prefer the milder taste of the lighter blends, while others prefer the robust taste of a higher-percentage blend. Thus, providing a range of coffee products, all of which are accurately labeled, allows consumers to make an informed decision and to choose their coffee product based on their taste preferences.

Second, Kona coffee commands a premium price. The greater the percentage of Kona coffee included in a blend, generally, the higher the cost. The more affordable 10% Kona blend coffee is served at restaurants as well as purchased in traditional grocery or similar retailers. Eliminating 10% blends will force consumers and our restaurant partners to either select another

affordable alternative roasted on the mainland or abroad, by a mainland or foreign company, which includes no Hawaiian coffee, or to pay a five times higher price for a 100% Kona coffee product. Offering a range of coffee products allows consumers to choose taking into account its affordability and their own budget. This also ensures that consumers can continue to support our local economy.

Third, including a range of coffee products will allow us to continue to support our local farmers and to reduce food waste. By eliminating all 10% coffee blends, the overall demand for Kona coffee purchased from farmers by Hawaii Coffee Company, and other roasters, will significantly decline and will have corresponding negative impact on the coffee cherry price. This reduction in the price Kona farmers receive for their coffee may challenge the commercial viability of many multi-generational farms. If the demand for coffee products falls, coffee farmers may be left with unsold and unused coffee cherry that without a buyer will go to waste. This waste would be unfortunate as it could be avoided by maintaining the ability to allow for a range of coffee products.

Fourth, HB 1517 HD2 will reduce the volume of coffee purchased, roasted and packaged by Hawaii Coffee Company at our facility in Kalihi. As a result, the number of employees we currently employ would not be sustainable and a reduction in workforce would occur. This would also have an adverse impact on the local suppliers we work with and the revenues to the State. Local businesses have been struggling through the pandemic and if this bill passes, it will increase financial hardships.

Additionally, HB 1517 HD2 as written, has the potential to conflict with trademark rights. A trademark can be any word, phrase, symbol, design, or a combination of these things that identifies the source of goods or services. Paradise Beverages, Inc. dba Hawaii Coffee Company is the owner of a number of well-known and widely recognized federal and state trademarks (“HCC Marks”). Hawaii Coffee Company has spent significant time, energy, and expense promoting the HCC Marks and the HCC Marks have accrued considerable value and goodwill to Hawaii Coffee Company as a result thereof. Hawaii Coffee Company’s claims of ownership in the HCC Marks are based upon long existing and clearly delineated common law and statutory rights. These rights constitute legally protectable property.

In particular, as to the HCC Marks for which Hawaii Coffee Company holds federal registrations, it is well-established that the federal trademark laws are designed to promote and encourage uniform trademark use, and to discourage activities which would result in confusion among purchasers. Local trademark display regulations which require alterations of federally registered marks for local use conflict with federal law and underlying public policy.

For these reasons, we ask you to hold this measure. Thank you for the opportunity to submit testimony.



P.O. Box 37158, Honolulu, Hawai`i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

Date: Wednesday, February 23, 2022
Time: 2:30 p.m.

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

HB 1517 RELATING TO COFFEE

STRONG SUPPORT

Aloha Chair Luke, Vice Chair Yamashita, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 52 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

As a graduate student studying economics, I became fascinated with agricultural futures. I first examined the international coffee industry and coffee commodity trading on international exchanges.

Hawaii law allows coffee to be identified as Kona coffee even if 90% of the coffee is cheap imports. The proposed "truth-in-advertising" bill is long overdue.

Opposition to the bill is being pushed by those who market the value of local coffee while selling cheap imports. The Retail Merchants of Hawaii is in opposition since "many of our visitors return home with bags of local coffee to reminisce about their stay in the islands." The Hawaii Restaurant Association opposes the bill because requiring truth in labelling "will change the taste profile that many of our current restaurants customers enjoy." Hawaii Food Industry Association opposes the bill because it would "make it harder to promote local coffee to consumers."

Mahalo, Henry Curtis, Executive Director



Greg Maples, Chairman – Polynesian Cultural Center **Ryan Tanaka, Incoming Chair**- Giovanni Pastrami

Ave Kwok, Vice Chair- Jade Dynasty **Tambara Garrick, Secretary** – Hawaii Farm Project

Kahili Soon, Treasurer – Hukilau Marketplace **Tom Jones, Past Chair** – Gyotaku

Sheryl Matsuoka, Executive Director **Chivon Garcia**, Executive Assistant **Holly Kessler**, Director of Membership Relations

Date: February 19, 2022

To: Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair
Committee on Finance

From: Victor Lim, Legislative Lead

Subj: HB 1517, HD2 Relating to Coffee Labeling

The Hawaii Restaurant Association representing 3,400+ restaurants stand in opposition to HB 1517, HD2 that will change the 10% Kona Bean requirement moving up to 51% after 7/1/24 for the Kona Blend.

Many of our local restaurants have been using the Kona Bend with a 10 % Kona bean content for 10 years, 20 years, and some restaurants have been at it for over 50 years, supporting our local economy.

We all know that Kona coffee commands a premium price and have a stronger distinctive taste. Requiring a higher percentage will change the taste profile that many of our current restaurants customers enjoy and another consequence will be that our cost of buying locally blended coffee will significantly increase, all of this while our restaurant industry is one of the most severely hit by the Covid Pandemic. This will add to the unprecedented food cost increases our industry is currently facing.

Eliminating the 10% blends will be forcing our hand to eventually move away to a more affordable national brands thus causing a loss of business for our local processors.

We urge that this committee hold this bill and thank you for giving us the opportunity to share our concerns.



HB-1517-HD-2

Submitted on: 2/21/2022 9:12:20 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
James Kimo Falconer	Hawaii Coffee Growers Association	Support	No

Comments:

Please support HB 1517. The mislabeling of our Hawaii origin coffees directly harms the industry efforts to showcase what quality our coffees are capable of, while certain retailers enjoy the loophole of calling out a Hawaii grown coffee origin and therefore abuse the brand by not honestly using it in their blend.

Mahalo for the opportunity to testify.

As a small, hands-on farm, (The 4 Sens, LLC., Captain Cook) coffee producer/roaster and a member of the Kona Coffee Farmers Association, my business is in jeopardy due to competition with cheap blended coffee products using the Kona Brand or Hawaii regional identification when in it is mixed with high proportions of inferior coffee produced in other countries. Consumers attribute the palatability of blended products to the name on the label such as Kona or Hawaiian when the blend they drink may only possess 10% by weight of the label stated coffee origin. Unknowingly, the consumer then relates the inferior coffee flavor not to the major contributor of the 10% Kona coffee product but to the label identification. If a coffee product uses an identity as Kona or Hawaiian, it should at the minimum, be composed of at least 51% of the brand on the packaging.

As coffee is the number 2 agricultural food exported from the state it is important for the economy of the State of Hawaii to foster, protect and enhance successful coffee enterprises that utilize Agricultural Land, provide opportunities for small business entrepreneurs, provide opportunities for allied businesses such as processors, roasters and coffee shops while creating a specialty prestige reputation product. Coffee is consumed by 62% of all Americans. Many drink coffee every day and the opportunity for growth of consumption of our local coffees is tremendous. Your continued support for a sustainable product developed in the State is urgently needed. Please continue to support **HB1517** the 51% initiative.

HB-1517-HD-2

Submitted on: 2/22/2022 3:27:01 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Carolyn Witcover	Kona Code Farmers Association	Support	No

Comments:

Aloha. I am a small coffee farmer in Kona and this Bill is critical for our economic well being and to rehabilitate the reputation of the Kona Coffee brand. The consumer has a right to know the true contents of any consumable product to include origin of their coffee. Other states and countries work hard to preserve their reputations and quality such as Idaho for potatoes, France for champagne, and Vermont for Maple Syrup. This bill raises the threshold to 51%, but it really should be 100% such as in the aforementioned states and countries. But we are happy enough to support this much needed change in disclosure. Help us to preserve the perception of the taste of true Kinds coffee and on a larger sense the value of another Hawaii institution. Mahalo nui.

HB-1517-HD-2

Submitted on: 2/22/2022 9:36:46 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Susan B Roberts Emery	Green Party Hawai'i	Support	No

Comments:

HB1517

The FIN Committee,

The Green Party of Hawai'i asks you to support HB1517 relating to coffee labelling. Requiring coffee blend labels to disclose geographic and regional origins and percent by weight for the blended coffees. Please support HB1517.

Mahalo,

Green Party of Hawai'i

Co-Chair GPH Susan Roberts Emery

HB-1517-HD-2

Submitted on: 2/21/2022 5:45:58 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bruce Maryanoff	Kona Coffee Farmers Association and Absolute Palate LLC	Support	No

Comments:

"Testimony in strong support of HB1517 HD2—COFFEE LABELING

Dear **House Finance Committee** representative,

I submit this written testimony **in STRONG SUPPORT of HB1517 HD2—COFFEE LABELING**

Our entire family are members of **Kona Coffee Farmers Association** .On behalf of the more than 300 members of the **Kona Coffee Farmers Association**, we are submitting this written testimony. We have two working Kona coffee farms [Honalo Farm and Cynthiana Farm]. **We produce KONA typica coffee, an heirloom variety of *Coffea arabica*, a long-established and traditional coffee of Hawai'i.** We are fighting Coffee Borer Beetle [CBB, thankyou for your support], Coffee Leaf Rust [CLR, thankyou for your support] and trying to recover from the “Kona LOW cyclone” damage of December 2021. **WE NEED YOUR SUPPORT of HB1517 HD2 now more than ever! We expect next year’s yields of KONA coffee to be diminished due to CLR and weather damage so we need this passed now please!**

The new law does require more information about the remaining 49% but does not make blenders specify that it is *Arabica* so it could be inexpensive **Robusta coffee**, from the plant *Coffea canephora* estimated to account for more than 40% of the world supply of coffee. The current bill is an excellent start, requiring 51% Kona coffee. Requiring 49% to be identified as *Arabica* or much less expensive *Robusta* would make it even stronger as Kona Typica is Arabica!

Please note that agricultural products from all over the world are, and have been, protected by laws that control their identity as to place of origin and unique characteristics. Some notable examples include wines, cheeses, olive oils, specialty vinegars, spices, and condiments. Coffee produced in Kona and other notable Hawaiian appellations deserve to

be treated in the same manner. The Kona brand must have its integrity protected to command high respect in the coffee world.

Our reasons for **strong support of HB1517 HD2:**

1. **Misleading labeling is fraudulent** – consumers should be able to know what they are actually paying for. That **Misleading labeling is fraudulent** has already been proven in at least one class action lawsuit [Corker, et al. v *COSTCO WHOLESALE CORPORATION* [case no.2:19-cv-00290-RSL] in the United States District Court for the Western District of Washington as settlement benefits have been decided.

2. **Use of the name without requiring the content exploits the region and deprives farmers of income. Further, not even identifying the 49% as Arabica or not is also misleading. Our legislature has /continues to support farmers in their fight against Coffee Borer Beetles [THANKYOU VERY MUCH] and Coffee Leaf Rust [THANKYOU VERY MUCH] so please move forward with support of HB1517 HD2.**

3. **Low quality coffee is being sold under a prestigious name and results in lowering standards and damaging the brand. Possible blending with Robusta coffee also damages the brand.**

The blenders, many owned by large companies, strongly oppose this change because they are making a fortune selling inexpensive coffee, which may not even be *Arabica* as "Kona" or "Ka'u," to unsuspecting customers.

Hawai'i needs to step up and protect the brand integrity of its premier Arabica coffee brands that are grown throughout the islands. Thank you for your positive consideration and passage of **HB1517 HD2**.

Sincerely,

Bruce E. Maryanoff

bmaryano@comcast.net

Co-CEOs, and CSO, Absolute Palate LLC

21 Feb 2022

HB-1517-HD-2

Submitted on: 2/21/2022 5:39:09 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Cynthia Maryanoff	KCFA	Support	No

Comments:

"Testimony in strong support of HB1517 HD2—COFFEE LABELING

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Please note that agricultural products from all over the world are, and have been, protected by laws that control their identity as to place of origin and unique characteristics. Some notable examples include wines, cheeses, olive oils, specialty vinegars, spices, and condiments. Coffee produced in Kona and other notable Hawaiian appellations deserve to be treated in the same manner. The Kona brand must have its integrity protected to command high respect in the coffee world.

Our reasons for **strong support of HB1517 HD2:**

1. **Misleading labeling is fraudulent** – consumers should be able to know what they are actually paying for. That **Misleading labeling is fraudulent** has already been proven in at least one class action lawsuit [Corker, et al. v *COSTCO WHOLESALE CORPORATION* [case no.2:19-cv-00290-RSL] in the United States District Court for the Western District of Washington as settlement benefits have already been granted.

2. **Use of the name without requiring the content exploits the region and deprives farmers of income. Further, not even identifying the 49% as Arabica or not is also misleading. Our legislature has /continues to support farmers in their fight against Coffee Borer Beetles [THANKYOU VERY MUCH] and Coffee Leaf Rust [THANKYOU VERY MUCH] so please move forward with support of HB1517 HD2.**

3. **Low quality coffee is being sold under a prestigious name and results in lowering standards and damaging the brand. Possible blending with Robusta coffee also damages the brand.**

The blenders, many owned by large companies, strongly oppose this change because they are making a fortune selling inexpensive coffee, which may not even be *Arabica* as "Kona" or "Ka'u," to unsuspecting customers.

Hawai'i needs to step up and protect the brand integrity of its premier Arabica coffee brands that are grown throughout the islands. Thank you for your positive consideration and passage of **HB1517 HD2**.

Sincerely,

Cynthia A. Maryanoff

cmaryanoff@comcast.net

Co-CEOs, and CTO, Absolute Palate LLC

21 Feb 2022



Lions Gate, Inc
PO Box 761
Honaunau, HI 96726

Phone: 808-989-4883
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sales@coffeeofkona.com
www.coffeeofkona.com

RE: SUPPORT for HB1517
RELATING TO COFFEE

Aloha Chair and Committee Members,

The ten-percent minimum blend law has long been a drag on Hawaii's flagship crop. Consumers who buy a Kona Blend often think they are getting a blend of different Kona coffees when in reality, they are drinking 90% foreign beans. It dilutes and reduces the reputation of our coffee in the global specialty marketplace. If there is a place in the market for blends, it is at or above the 51% level, where Kona, Ka'u, Maui, Molokai or Kauai can rightly take the top percentage on the bag.

The blenders will continue to argue that we should "study" this issue. They will testify that coffee prices will crash should they stop buying Kona for blends. But this is not economic reality. COVID destroyed the local sale of blends due to a lack of tourists, yet cherry prices to the farmers are at their highest point ever. This year has been a "market study".

Over the last two decades the market for Hawaii coffee has changed drastically and many growers now sell out their entire crop online. The worldwide demand for Kona far exceeds supply and the value of our crop is at record highs. Selling 100% Hawaiian coffee direct-to market has made small farms financially viable.

To maintain these record prices, it's vital that the State protect our distinctive brand from those who wish to use the name simply for profit. We must protect our origin products.

Blenders will disingenuously argue that selling 10% blends allow more consumers to "taste" Kona. But our market is not the tourist market, nor is it blends sold by the cup at fast food restaurants. Such pricing comes at the expense of a sustainable living for our Hawaii growers.

My family has three generations who farm coffee and we support ourselves on 100% Kona. Your support makes a difference for over 1,400 Hawaii coffee farmers.

Mahalo nui loa!

Jacqueline Wikum
Vice President

HB-1517-HD-2

Submitted on: 2/22/2022 12:55:24 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Joan Obra	Rusty's Hawaiian	Comments	No

Comments:

Testimony in support for HB 1517 — but only if the following change, below, is made.

Aloha Chair Johanson, Vice Chair Kitagawaand, and members of the Committee:

My name is Joan Obra, co-owner of Rusty’s Hawaiian, an award-winning coffee farm, mill and roastery in the Ka’u District.

I am writing to point out a major flaw in this bill that will penalize Hawaii coffee companies for creating blends — even ones made with 100% Hawaii-grown coffee. 100% Hawaiian blends are innovations that allow roasters to create products desired by customers: They allow for flexibility of price points and for more consistent supply. The way this bill is written will force roasters of all blends to take on the extra expense of re-designing their packaging multiple times throughout the year.

My two objections refer to the following, as seen in HB1517_HD2:

PART II SECTION 2. Section 486-120.6, Hawaii Revised Statutes, is amended by amending subsections (b) and (c) to read as follows:

"(b) A listing of the geographic origins of the various Hawaii-grown coffees and the regional origins of the various coffees not grown in Hawaii that are included in a blend [~~may~~] shall be shown on the label."

Objection No. 1:

Changing “**may**” to “**shall**” is the problem. I’ll use an example to explain: Under the current rules, a roaster creating a blend of coffees from Kona, Ka’u, Maui and Kauai can simply call this “**100% Hawaii Coffee**” or “**100% Hawaiian Coffee.**” Given the type-size requirements, this helps reduce the amount of space needed for what is known as the identity statement.

This bill would require us to provide a full listing of the geographic origins, which would take up a lot of space on the label. Here’s an example of what this information would look like, taken directly from the State’s directions for listing the geographic origins: "**50% Molokai Coffee All Hawaiian. Contains: 25% Kauai Coffee, 15% Kona Coffee, 10% Maui Coffee.**"

You can read this for yourself here: <https://hdoa.hawaii.gov/qad/files/2013/01/QAD-HI-GROWN-COFFEE-LBLS.pdf>

As you can see, this is a lot more information, which would require new labels. Given the type-size requirements, some roasters would even have to invest in bigger bags just to fit this new information — which would be expensive, especially for small companies.

Objection No. 2:

Roasters who create blends change them depending on available coffees. Let's use the example of the "50% Molokai Coffee All Hawaiian" above to illustrate. At some point in the year, a roaster may have to decrease the amount of Molokai coffee and increase the amount of Kauai coffee — simply because of availability of components.

Adjusting blend components is common practice in the industry. **Under the new rules, a roaster would need to change their labels every time they adjusted the percentages of each coffee in any blend. This requirement is also an expensive burden for small companies.**

By my understanding, the overall intent of this bill is to increase the percentage of Hawaiian coffee in blends of Hawaiian and non-Hawaiian coffee. I agree with this general intent. However, there must be a way to do this that does not penalize all companies creating blends — even ones that are 100% Hawaiian.

Thank you for your time and consideration.

Sincerely,
Joan Obra

This is a matter of truth in advertising as well as the future health of the families who work the 700+ small farms in the Kona Region of Hawai'i Island.

The sale of inferior, bland, lousy tasting "blends" seriously harms the "Kona", "Maui" and "Ka'u" Coffee's names and reputation and as a result is a serious impediment to growing the pool of customers for the world's best coffee.

Since 100% Kona requires a significant amount of labor, the sale of inferior blends at fire-sale prices makes it that much harder for small family farms to recoup their expenses let alone realize a decent profit from their hard labor and passion for growing coffee.

We're already giving up a great deal by only asking for 51% before using our name in vain on inferior coffee. The authorities who support other important crops and products such as Idaho Potatoes, Vidalia Onions, Vermont Maple Syrup and Champagne won't allow their names to be used to label products that don't contain 100% of the advertised product.

What's wrong with Hawai'i? Why can't one of our MOST important and visible high-value products be protected as vigorously as Onions and Potatoes?

The Blenders are going to try to tell you that they can't stay in business without being allowed to market an inferior product using the "Kona" name to mislead people. If that's true, then maybe they should find another line of work.

Equally as important are Kona's farms ongoing battle against imported pests such as Coffee Borer Beetle and Coffee Leaf Rust. Therefore, additional funding for CBB/CLR abatement is equally as important as protecting our coffee's reputation.

Thank you for your consideration.

Chet Gardiner
Cassandra Farms, Honomalino, HI

HB-1517-HD-2

Submitted on: 2/20/2022 6:55:57 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Colehour Bondera	Individual	Support	Yes

Comments:

Aloha Committee Chair and Members:

Please accept my full support for this House Bill 1517 related to ensuring that Hawaii coffee products are labelled to reflect what the bag actually contains.

As a long-time organic farmer, I recognize that products which are deceptive to consumers and which carry a name with only 10% content reduce the price point for the farmer, who deserves reasonable prices for their work. Our farm suffers, and that is not acceptable.

As the recent President of the Kona Coffee Farmers Association it is the large membership which does not want deceptive labels carrying product names from Hawaii, which must protect itself for the sake of public perception. Farmer members of KCFA need a minimum of 51% in bags of coffee carrying the Kona name.

Please fully support passage of this legislation and appropriate as needed.

Lets' be honest to consumers and lets' also remember that the coffee farmers are a backbone of our community and also for tourist decisions and actions.

Sincerely,

Colehour Bondera

KANALANI OHANA FARM

HB-1517-HD-2

Submitted on: 2/22/2022 3:15:37 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Thomas Greenwell	Individual	Support	No

Comments:

Please support HB 1517 It is a very important step to help make the Hawaiian coffee industry stronger.

Tom Greenwell

HB-1517-HD-2

Submitted on: 2/19/2022 10:42:01 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Cecelia Smith	Individual	Support	No

Comments:

As a long time Kona farmer (33 years) I heartily support this bill. Yes, please help us in Kona by mandating a Kona "Blend", to contain the majority of beans in the bag to be REAL KONA. It seems only accurate to do so! We grow the Kona.

And also please continue to support the subsidizing of the effective fungicides that knock back those pests.They are expensive but really effective! We really need your help. Thank you very much

Mahalo and with aloha,
Cecelia Smith
Honaunau mauka

HB-1517-HD-2

Submitted on: 2/19/2022 11:26:16 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
lynne matusow	Individual	Support	No

Comments:

Proud to say I am addicted to 100% kona coffee. Proud to say I get my fix from a subscription which keeps me supplied. Mislabeling is a travesty and hurts our local coffee growers/farmers. I urge you to move this bill forward. These growers deserve our support

HB-1517-HD-2

Submitted on: 2/19/2022 9:59:53 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Franz Weber	Individual	Support	No

Comments:

- For more than 30 years Hawaii has been the only region anywhere in the world to authorize the use of its geographic names (“Kona”, “Kau”, “Maui”) on labels of one of its specialty agricultural products with only 10% genuine content.
- Using the Kona name (or the Ka’u or Maui or Kauai names) on packages containing 90% inexpensive imported coffee has damaged the reputation of Hawaii-Grown coffee with consumers.
- Last fall the Hawaii County Council unanimously passed a resolution calling on the Legislature to enact a 51% minimum for coffee blends without further delay.

HB-1517-HD-2

Submitted on: 2/20/2022 8:39:02 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Howard Hill	Individual	Support	No

Comments:

As a long time Kona coffee farmer, I am writing to express my support for HB1517. It is unfair to Kona coffee farmers and in fact embarassing to the State of Hawaii that processors are allowed to sell "Kona Coffee" that is in fact only 10% Kona coffee. Many visitors to our islands buy this product thinking that it is a 'blend' of Kona coffees which in fact it is not. It is time for this to change. Please pass this bill.

HB-1517-HD-2

Submitted on: 2/20/2022 4:21:13 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ken Stover	Individual	Support	No

Comments:

Made in Hawaii!

HB-1517-HD-2

Submitted on: 2/20/2022 4:28:10 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Deborah Umiamaka	Individual	Support	No

Comments:

I strongly support HB1517.

Sincerely, Deborah Umiamaka.

HB-1517-HD-2

Submitted on: 2/20/2022 4:34:28 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bronsten Kossow	Individual	Support	No

Comments:

Aloha,

Please support our Kona Coffee industry by supporting HB1517 HD2.

Mahalo!

HB-1517-HD-2

Submitted on: 2/21/2022 7:00:37 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Barbara Barry	Individual	Support	No

Comments:

Aloha,

I strongly support HB1517 HD2.

Mahalo,

HB-1517-HD-2

Submitted on: 2/21/2022 10:23:06 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Deniz Tek	Individual	Support	No

Comments:

Aloha,

Please pass this bill. For far too long the blenders have been abusing the precious Kona Coffee name to sell inferior product, with profits going to large mainland corporations. Protect our heritage brand, our small local farmers and consumers everywhere from fraudulent mislabeling.

Thank you.

Deniz Tek

HB-1517-HD-2

Submitted on: 2/21/2022 3:32:22 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
David Bateman	Individual	Support	No

Comments:

Aloha Chair and Committee:

I strongly support HB1517 HD2.

This bill, as amended, effectively addresses two economic realities of the Hawaii coffee industry.

1) moving up the required percentage of Hawaiian coffee to 51% of roasted coffee, levels the economic playing field for the 1,400 small coffee farmers, as it will allow more effective competition in the world retail markets. It will allow the small farmer to increase retail pricing sufficient to cover the high overhead costs of producing Hawaiian coffees (e.g., high labor costs and high costs of shipping fertilizers and supplies to Hawaii). Undoubtedly, it will move consumers to consider purchasing 100% coffee products as the 51% coffee products will be priced much closer. 2) Continued subsidies for CBB and new subsidies for CLR are also absolutely critical in helping the small farmer meet his high overhead costs. It also encourages a farmer to apply product to combat these two serious coffee infestations. That in turn helps protect neighboring farms from the spread of this pest and fungus. Subsidies will have a positive cascading effect to protect and preserve our priceless Hawaii coffee industry. We need the help!

Please pass this bill, as amended, out of committee.

Mahalo nui,

Dave Bateman, President

Heavenly Hawaiian Farms

Holualoa, Big Island

HB-1517-HD-2

Submitted on: 2/21/2022 4:44:13 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
David S. Case	Individual	Support	No

Comments:

My spouse and I came to Kona over a decade ago as caretakers of a Kona coffee farm. We almost immediately enlisted in the fight to protect "Kona" and other Hawai'i coffees as "Origin" products. That is what they truly are, just like French Champagne and other high value products from specific geographic origins. I also served as a founding member and Secretary of the CBB Task Force Nonprofit Corporation formed by Hawai'i Island coffee farmers and processors to administer the early program to subsidize the purchase of the costly fungicide preparation used to control the Coffee Berry Borer. I am no longer affiliated with the coffee industry but remain an enthusiastic consumer of Kona coffee and am glad to see that HB1517 would both protect this brand and promote control of the pests that threaten it. Requiring that at least 51% of these Origin coffees be in any bag with an Origin label is long overdue. While it doesn't meet the standard required for French Champagne, it's a start. For these reasons, I hope the Finance Committee will support HB1517 HD2.

Mahlao nui loa,

David S Case

HB-1517-HD-2

Submitted on: 2/21/2022 7:55:04 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Shannon Lush	Individual	Support	No

Comments:

In support of

HB-1517-HD-2

Submitted on: 2/22/2022 1:15:32 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nancy & Zeb Jones	Individual	Support	No

Comments:

HB1517, SD2 -- Hearing 2-23-22 / HOUSE COMMITTEE ON FINANCE

Aloha Chair Luke, Vice Chair Yamashita, and Honorable House Finance Committee Members:

We submit this testimony in **STRONG SUPPORT** of SB15127, SD2 (with additional language), to effectively protect Hawai`i's coffee growers and roasters and their products along with the "Kona Coffee" Appellation of Origin. For too long, the misleading labeling of Hawai`i's coffee products has tarnished the image and efforts of Hawai`i's coffee farmers. This has lowered prices for consumer, but has also fooled consumers with the idea that a 10% blend of Kona coffee represents the actual flavor of Kona coffee. This results in the loss of future sales. Coffee blenders effectively are making money off the backs of Hawai`i's coffee farmers/roasters, while degrading the reputation of a superior coffee.

The current draft of this bill: 1) Requires disclosure on labels of coffee blends of the respective geographic and regional origins and percent by weight of the blended coffees; 2) Makes it a violation to use a geographic origin in labeling or advertising for roasted or instant coffee blends that contain less than a certain percentage of coffee by weight from that geographic origin, phased into a minimum of fifty-one percent; 3) Prohibits using 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; and 4) Appropriates funds for the Pesticide Subsidy Program – for the coffee bearer borer.

However – this bill needs to be sure to include a mechanism to impose **SUBSTANTIAL MONETARY PENALTIES** for violations of any of the above terms. The time for Hawai`i's industries -- particularly coffee -- to actively protect **ALL** of its Appellations of Origin is long overdue.

For these reasons, we urge your honorable committee to please pass SB1517, SD2 – with amendments imposing monetary penalties -- out of your committee. Mahalo again for this opportunity to present this testimony supporting SB1517, SD2.

Warm aloha,

Nancy & Zeb Jones

Hydroponics Alternatives LLC

HB-1517-HD-2

Submitted on: 2/22/2022 8:32:08 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Dennis F Lokmer	Individual	Support	No

Comments:

I urge strong support for this bill.

HB-1517-HD-2

Submitted on: 2/22/2022 11:27:58 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ralph Gaston	Individual	Oppose	No

Comments:

While I agree with many portions of this bill, I believe that some of the language is not well defined and needs amending.

My specific objection comes with the portion of the bill which states:

I have an objection to one part of this description:

*'...Requires coffee blend labels to **disclose geographic and regional origins and percent by weight** of the blended coffees.'*

This can easily become an problem for roasters who use different blends of Hawaiian coffees - for instance, a 100% Hawaii blend may need different components, and percentages of those components, even if all sourced from Hawaii.

Additionally, roasters who do create 51% blends may also have to alter their components depending on availability of coffees. This can be tougher for smaller roasters, who would then need to source additional labels at smaller amounts, removing small but important bulk purchasing options that make a big difference to them. it's the kind of cost that larger companies can absorb more easily.

If this is not the intention of this portion of the bill, I believe it should be written with more precision as to intent, either explicitly in the bill or by allowing the agency in charge of enforcement (presumably the HDOA) to properly specify how this would work under the construct of this bill.

I think this bill would be beneficial to the industry with a change of the text to clarify labeling rules, but without it I cannot give my full support. Mahalo for your time.

February 2, 2022

Dear Committee Chair and Members,

Apologies for this late testimony.

My husband and I have been growing, processing and selling 100% Kona coffee for 22 years. We strongly support HB 1517 HD2. Requiring that by July 2024, at least 51% of the coffee in a bag labeled Kona blend, and requiring the origin of the remainder of the coffee be listed will greatly benefit Hawaii's Kona coffee farmers. The same applies for all regions of coffee grown in Hawaii.

For too long, the State has allowed misleading labeling of coffee and that has been detrimental to Hawaii's coffee farmers. Not only has it kept the price of coffee low, it has fooled the consumer into thinking that a 10% blend of Kona coffee represents the flavor of Kona coffee. This results in the loss of future sales. The blenders make more money while degrading the reputation of our superior coffee.

The increased cost of coffee production due to the need to treat for CBB and CLR has definitely affected our net income. Continuing subsidizing pesticides is important to try to keep all the coffee farms viable while we try to control these pests.

Please support the growers of fine Hawaii coffees and pass this bill.

Mahalo,
Clare & Phil Wilson
Huahua Farm
Holualoa, Hawaii

Member, KCFA

HB-1517-HD-2

Submitted on: 2/22/2022 8:50:25 PM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Janelle Gomes	Honalo Farm Absolute Palate, LLC	Support	No

Comments:

Please pass HB1517. This is false advertising and is unexceptable. The Kona Coffee farmers are not the only ones losing out because of this false advertising; consumers are as well. Please pass this bill!!! Kona Coffee farmers have already won a class action suite for this.

HB-1517-HD-2

Submitted on: 2/23/2022 9:17:09 AM

Testimony for FIN on 2/23/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Garrett W. Marrero	Individual	Support	No

Comments:

Aloha, I apologize for the late testimony.

We are in SUPPORT of this bill. We believe that Hawaii does not do enough to protect its brand when it comes to nearly any consumer product good. We all too often see profiteering on the many brands of Hawaii and its islands without real investment or consideration for the State. While this may make things challenging for some, the intent of the bill is noble and should be passed.

Mahalo for the chance to support this bill.