

JAN 20 2023

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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawai'i's coffee  
2 industry is the State's second most lucrative agricultural crop,  
3 valued by the United States Department of Agriculture at  
4 \$98,000,000 annually, with additional upstream and downstream  
5 impacts that include employment, land preservation, and tourism.  
6           The legislature further finds that Hawai'i-grown coffee is  
7 among the highest priced coffee sold anywhere in the world,  
8 largely due to the high cost of production and its reputation  
9 for outstanding quality. As such, the State's coffee industry  
10 is susceptible to fraud when less expensive coffees are falsely  
11 labeled as originating from Hawai'i. Currently, state law  
12 imposes penalties for the false labeling (counterfeiting) of  
13 Hawai'i-grown coffee in cherry and parchment form, but the fraud  
14 of coffee counterfeiting has been almost exclusively committed  
15 in roasted coffee products. Coffee counterfeiting undermines  
16 Hawai'i's coffee farmers by misrepresenting an increase in  
17 supply, thereby creating downward price pressure and value



1 depreciation in the marketplace. Additionally, further harm  
2 occurs when inferior products are introduced into the supply  
3 chain, thereby undermining Hawai'i's hard-fought brand identity  
4 for high quality crops.

5 Moreover, the legislature believes that enforcement of  
6 coffee labeling laws is of paramount importance to their  
7 effectiveness, and that investment in enforcement will compound  
8 labeling requirements' effectiveness by enhancing its deterrent  
9 effect. As such, the legislature finds that a full-time  
10 position within the department of agriculture dedicated solely  
11 to the enforcement of labeling laws applicable to Hawai'i's  
12 agricultural products will greatly improve brand integrity in  
13 the State.

14 Accordingly, the purpose of this Act is to deter coffee  
15 counterfeiting by enhancing the penalties for the false labeling  
16 of Hawai'i-grown coffee with regard to its geographic origin  
17 through the imposition of a mandatory fine and specification  
18 that each act of false labeling is a separate offense, as well  
19 as to establish a position within the department of agriculture  
20 to effectuate the purpose of this Act.



1 SECTION 2. Section 708-871.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[~~f~~]~~§~~708-871.5[~~f~~] False labeling of Hawaii-grown coffee.

4 (1) A person commits the offense of false labeling of Hawaii-  
5 grown coffee if the person knowingly transports, distributes,  
6 advertises, sells, or possesses with the intent to sell Hawaii-  
7 grown green coffee, cherry coffee, [~~o~~] parchment coffee, or  
8 roasted coffee that is falsely labeled with regard to the  
9 geographic origin of the Hawaii-grown coffee.

10 (2) For purposes of this section:

11 "Cherry coffee" means the unprocessed fruit of the coffee  
12 plant.

13 "Geographic origin" means the geographic areas designated  
14 as follows:

15 (a) Hamakua is the Hamakua district on the island of  
16 Hawaii, as designated by the State of Hawaii tax map;

17 (b) Hawaii is the State of Hawaii;

18 (c) Kau is the Kau district on the island of Hawaii, as  
19 designated by the State of Hawaii tax map;

20 (d) Kauai is the island of Kauai;



1 (e) Kona is the north Kona and south Kona districts on the  
2 island of Hawaii, as designated by the State of Hawaii  
3 tax map;

4 (f) Maui is the island of Maui;

5 (g) Molokai is the island of Molokai; and

6 (h) Oahu is the island of Oahu.

7 "Green coffee" means the agricultural commodity comprised  
8 of green coffee beans.

9 "Parchment coffee" means the dried product that remains  
10 when coffee cherries are processed by removing the coffee seeds  
11 from the pulp.

12 "Roasted coffee" means the product that results from  
13 heating the coffee cherry seeds to augment aroma and flavor.

14 (3) False labeling of Hawaii-grown coffee is a class C  
15 felony. In addition to any penalties imposed pursuant to  
16 706-605, the court shall impose on any defendant convicted of  
17 false labeling of Hawaii-grown coffee a mandatory fine of  
18 \$10,000 for each separate offense. The mandatory fine imposed  
19 shall not be suspended or waived."

20 SECTION 3. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$88,935.00 or so much



1 thereof as may be necessary for fiscal year 2023-2024 and the  
2 same sum or so much thereof as may be necessary for fiscal year  
3 2024-2025 to fund one full-time equivalent (1.0 FTE)  
4 measurements standards inspector (BU3, SR-19, Step C) position  
5 within the department of agriculture for the purpose of labeling  
6 and packaging enforcement and inspection.

7 The sums appropriated shall be expended by the department  
8 of agriculture for the purposes of this Act.

9 SECTION 4. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval;  
12 provided that section 3 shall take effect on July 1, 2023.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be "D. K. ..." with a long horizontal stroke extending to the right.



# S.B. NO. 745

**Report Title:**

Roasted Coffee; False Labeling; Fines; Appropriation

**Description:**

Extends the offense of false labeling of Hawaii-grown coffee to include roasted coffee. Imposes \$10,000 fine for each separate offense of false-labeling of Hawaii-grown roasted coffee. Makes an appropriation for 1.0 FTE enforcement position.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

