

STAND. COM. REP. NO.

3310

Honolulu, Hawaii

MAR 22 2024

RE: H.B. No. 2278
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2278, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO LABELING OF MACADAMIA NUTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify labeling requirements for macadamia nuts; and
- (2) Require the country of origin to be included on the principal display panel of a consumer package of processed macadamia nuts.

Your Committee received testimony in support of this measure from the Department of Agriculture, O.K. Farms, Island Harvest Inc., Synergistic Hawaii Agriculture Council, Scott E. Enright Company LLC, Hawai'i Farmers Union United, Hawaii Macadamia Nut Association, Hawai'i Farm Bureau, Hawaiian Macadamia Nut Services, Hamakua Macadamia Nut Co., Mai Mahealani Farm LLC, Ka'u Farms Management LLC, Huahua Farm LLC, Macadamia Growers of Hawai'i, and more than one hundred fifty individuals.

Your Committee received testimony in opposition to this measure from Hawaiian Host Group, Kapua Orchards Inc., Maunaloa Macadamia, and more than one hundred eighty individuals.



Your Committee finds that Hawaii's unique climate and fertile soil contribute to the exceptional flavor of Hawaii-grown macadamia nuts, making them a globally recognized food product that is enjoyed by consumers around the world. However, certain manufacturers of non-Hawaiian-grown macadamia nuts have taken advantage of this reputation by placing cheaper foreign macadamias in a Hawaii-branded package to obtain a premium price at a lower cost. Your Committee believes that this practice is not only deceitful to consumers, but causes local farmers to suffer from reduced demand and deflated prices. Therefore, this measure clarifies certain laws relating to the labeling of macadamia nuts to increase transparency and hold all companies that sell macadamia nuts to a higher standard of integrity.

Notwithstanding, your Committee notes that S.B. No. 3303, S.D. 2 (2024), is a substantially similar measure that also clarifies the labeling requirement for macadamia nuts. Your Committee finds that the language in S.B. No. 3303, S.D. 2, which was previously passed by the Senate, is preferable because it also requires the country of origin to be included on the label of a consumer package of raw or processed macadamia nuts, and additionally includes a company name or the use of images of the State as representation that a product contains a portion of macadamia nuts grown in the State and authorizes any person injured by a violation of this labeling law to bring a civil action in court for damages. The language in S.B. No. 3303, S.D. 2, is also preferable because it includes severability language should the measure be deemed to be in conflict with federal law.

Accordingly, your Committee has amended this measure by:

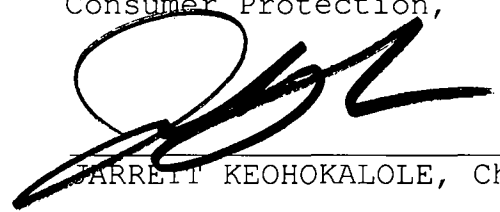
- (1) Deleting its contents and inserting the contents of S.B. No. 3303, S.D. 2. (2024); and
- (2) Inserting an effective date of July 1, 2040, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2278, H.D. 2, as amended herein, and



recommends that it pass Second Reading in the form attached hereto as H.B. No. 2278, H.D. 2, S.D. 1, and be referred to your Committee on Judiciary.

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



GARRETT KEOHOKALOLE, Chair

