

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**DEXTER KISHIDA**  
Deputy to the Chairperson

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE**  
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**TESTIMONY OF SHARON HURD  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION**

**WEDNESDAY, FEBRUARY 14, 2024  
9:30 AM  
CONFERENCE ROOM 229 & VIDEOCONFERENCE**

**SENATE BILL NO. 2103  
RELATING TO AGRICULTURE**

Chair Keohokalole, Vice Chair Fukunaga and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2103. This bill increases the fine of a criminal offense of false labeling of Hawaii-grown coffee to \$10,000 for each separate offense and includes roasted coffee. It makes an appropriation for 1.0 FTE enforcement position within the Department of Agriculture. The Department strongly supports this measure.

Raising the fine for a criminal offense to \$10,000 will serve as a deterrent to the counterfeiters of roasted coffees and hopefully better compliance under the law will increase the brand value and recognition of the product. With other changes possible with the coffee labeling laws this bill will help with the enforcement of those laws. A dedicated position to enforce these laws will help rebuild the Department of Agriculture packaging and labeling enforcement capability that was eliminated in 2010.

Thank you for the opportunity to testify on this important measure.





PO Box 168, Kealahou, HI 96750

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 14, 2024

9:30AM

**RE: STRONG SUPPORT for SB2103; Relating to Agriculture**

Aloha Chair Keohokalole, Vice Chair Fukunaga and members of the committee,

I am Chris Manfredi, testifying on behalf of Hawaii Coffee Association.

The HCA stands in **STRONG SUPPORT** of this measure. SB2103 improves the existing law by applying it to the point in the supply chain where coffee counterfeiting occurs, and stiffens penalties for violators. This is landmark legislation for our industry.

SB2103 adds roasted coffee to the existing false-labeling statute HRS 708-871.5. When this statute was originally enacted in 2011 it was limited to green coffee, cherry coffee, and parchment coffee. Since the egregious fraud known as “false labeling” or counterfeiting overwhelmingly occurs in roasted coffee, the law had little impact. Moreover, the current statutory penalties are inadequate to produce their intended deterrent effect.

Counterfeit coffee introduced into the marketplace undermines Hawaii’s growers and legitimate producers, who are forced to compete with fake products. These fakes are often priced below the cost of production of genuine Hawaii-grown coffee. This creates downward price pressure at a time when costs are increasing for producers. Labor, fertilizer, pest control, and transportation costs have all risen sharply.

Hawaii’s growers produce some of the finest coffee grown anywhere. Exceptionally high quality is vital so producers can earn high prices for their products - to stay in business, pay their employees and feed their families. Our members are outraged that counterfeit Hawaii-grown coffee is offered on the same shelves as their own at a price less than their cost of production.

Unethical sellers introduce foreign grown coffee into the market to defraud consumers by representing these fakes as Hawaii-grown products. Hawaii’s coffee growers are squeezed between a high cost of production and unfair competition.

Moreover, these inferior fakes do not share the same quality attributes of the genuine product, further undermining Hawaii’s reputation and brands. Shockingly, they are not required to comply with Hawaii’s minimum grade standards, as Hawaii’s producers are.

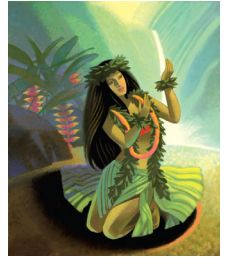
**We respectfully ask you to pass SB2103.**

Please accept our thanks on behalf of Hawaii’s legitimate coffee producers.

The Hawaii Coffee Association’s (HCA) mission is to represent all sectors of the Hawaiian coffee industry. Our members are located throughout the State of Hawaii and positioned throughout the supply chain.

# HAWAII COFFEE COMPANY™

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TO: Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair  
Committee on Commerce and Consumer Protection

FROM: Gerard Bastiaanse  
President- Hawaii Coffee Company

RE: **SB 2103 Relating to Agriculture – Comments**  
Wednesday, February 14, 2024; 9:30 A.M.; Conference Room 229

Aloha Chair Keohokalole, Vice Chair Fukunaga and members of the committee:

Hawaii Coffee Company is offering comments regarding SB 2103, which extends the offense of false labeling of Hawai‘i-grown coffee to include roasted coffee, and imposes a \$10,000 fine for each separate offense of false labeling of Hawai‘i-grown coffee.

Our company complies with the FDA’s strict food labeling laws, as well as Hawai‘i state labeling regulations. False labeling of Hawai‘i coffee products is a serious matter that harms both consumers as well as the coffee industry in Hawai‘i.

SB 2103 provides in part that “In addition to any penalties imposed pursuant to section 706-605, the court shall impose on any defendant convicted of false labeling of Hawaii-grown coffee a mandatory fine of \$10,000 for each separate offense. The mandatory fine imposed shall not be suspended or waived.”

This language would divest the Hawai‘i courts of the ability to exercise discretion to waive or suspend the mandatory fine, including where exigent circumstances might warrant doing so. Further, it is unclear whether it is intended that penalties imposed result in a judgment that cannot be discharged in bankruptcy.



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February 14, 2024

HEARING BEFORE THE  
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

**TESTIMONY ON SB 2103**  
RELATING TO AGRICULTURE

Conference Room 229 & Videoconference  
9:30 AM

Aloha Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports SB 2103**, which expands the criminal offense of false labeling of Hawaii-grown coffee to include roasted coffee. Imposes a \$10,000 fine for each separate offense of false-labeling of Hawaii-grown roasted coffee and makes an appropriation for 1.0 FTE enforcement position within the Department of Agriculture.

Hawai'i-grown coffee is recognized for its high quality and aromatic flavor. Hawai'i-grown coffee is held to a set of quality standards that makes it one of the most expensive coffees in the world. It is one of Hawai'i's signature crops.

The 2021-2022 USDA National Agriculture Statistics Service (NASS) of Hawai'i Agriculture estimated the value of Hawai'i-grown coffee at \$61.9 million and ranked as coffee fifth in the top twenty agricultural commodities in the State.

To protect the Hawai'i coffee industry from counterfeiting, the legislature in 2012, enacted Act 323, which established criminal penalties for Hawai'i-grown cherry, parchment, and green coffee that is falsely labeled with regard to the geographic origin. However, in addition to the geographic origin, stricter enforcement of the labeling restrictions based on the quality of the coffee being sold is critical to prevent further counterfeiting of Hawai'i's recognized high-quality coffee. Furthermore, the criminal penalties for false labeling should apply not only to cherry, parchment, and green coffee but also to roasted coffee.

Thank you for the opportunity to testify on this measure.

**SB-2103**

Submitted on: 2/9/2024 8:10:57 AM

Testimony for CPN on 2/14/2024 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ben Robinson	Individual	Support	Written Testimony Only

Comments:

Support the measures to sustain the integrity of Kona coffee