

STAND. COM. REP. NO. **275**

Honolulu, Hawaii

RE: FEB 15 2023
S.B. No. 745
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 745 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand the offense of false labeling of Hawaii-grown coffee to include roasted coffee;
- (2) Impose a \$10,000 fine for each separate offense of false labeling of Hawaii-grown roasted coffee; and
- (3) Appropriate funds for one full time equivalent (1.0 FTE) enforcement position within the Department of Agriculture.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawaii Coffee Association; Kona Coffee Farmers Association; Hawai'i Farm Bureau; Hawaii Coffee Company, LLC; Pohaku Farm, LLC; and three individuals.

Your Committee finds that Hawaii's coffee industry is the State's second most lucrative agricultural crop. Hawaii-grown coffee is among the highest priced coffee sold anywhere in the world, due to its cost of production and reputation for




outstanding quality. As such, counterfeiters falsely label less expensive coffees as originating from Hawaii in order to sell cheaper coffee at a premium. Existing law imposes penalties for the false labeling of Hawaii-grown coffee in cherry and parchment form; however, the false labeling of coffee occurs almost exclusively in roasted coffee. Roasted coffee falsely labeled as Hawaii-grown coffee is priced below the cost of genuine Hawaii-grown coffee, thus creating downward price pressure and value depreciation in the marketplace. This measure extends the offense of false labeling of Hawaii-grown coffee to include roasted coffee, adds a mandatory fine of \$10,000 for each offense of false labeling of Hawaii-grown coffee, and appropriates funds to establish one full-time equivalent position for labeling and packaging enforcement and inspection.

Your Committee has amended this measure by:

- (1) Inserting a blank appropriation amount;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 745, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 745, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

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



JARRETT KEOHOKALO, Chair



