

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
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

**WEDNESDAY, FEBRUARY 7, 2024
9:30 AM
CONFERENCE ROOM 325 & VIDEOCONFERENCE**

**HOUSE BILL NO. 2613
RELATING TO AGRICULTURE**

Chair Gates, Vice Chair Kahaloa and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2613. 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 illegal 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.



HB-2613

Submitted on: 2/6/2024 7:34:58 AM

Testimony for AGR on 2/7/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
bruce corker	Rancho Aloha Coffee Farm	Support	Written Testimony Only

Comments:

Dear Chair Gates and Members of the Committee:

I am a coffee farmer in the Kona region of Hawaii Island and strongly support the enactment of HB2613.

For more than 15 years the Hawaii Department of Agriculture has been without a standards specialist/inspector for the purpose of labeling and packaging enforcement and inspection. As shown by the more than \$41 million in settlement payments made by defendants in the recent class action lawsuit brought by Kona farmers alleging fraudulent labeling of coffee, the mislabeling of Hawaii's specialty agricultural products is all too common. Hawaii needs to actively provide protections for its farmers that other states provide to theirs--for example, **Idaho** for its potato farmers; **Vermont** for its maple syrup producers; **Georgia** for its Vidalia onion growers; **California** for its wine grape growers.

Please support Hawaii farmers by passing this bill.

Thank you,

Bruce Corker, Rancho Aloha, Holualoa



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 7, 2024

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 2613
RELATING TO AGRICULTURE

Conference Room 325 & Videoconference
9:30 AM

Aloha Chair Gates, Vice-Chair Kahaloa, 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 HB 2613, 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.



LATE

PO Box 168, Kealahou, HI 96750

COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS

February 7, 2024

RE: STRONG SUPPORT for HB2613; Relating to Agriculture

Aloha Chair Gates, Vice Chair Kahalou 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. HB2613 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.

HB2613 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 overwhelming fraud known as "false labeling" or counterfeiting occurs in roasted coffee, the law had little impact. Moreover, the current statutory penalties are inadequate to produce its 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. Moreover, they are not required to comply with Hawaii's minimum grade standards, as Hawaii's producers are.

We respectfully ask you to pass HB2613 .

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.



RE: SUPPORT for HB2613
RELATING TO AGRICULTURE

DOE Roasted Coffee; False Labeling; Fines; Expenditure Ceiling; Appropriation (\$)

Aloha Chair, Vice Chair, and Committee Members,

The Synergistic Hawai'i Agriculture Council (SHAC) stands in support of this Bill. Our consortium represents 1,500 agribusinesses, from growers to processors and shippers, stretching across the State.

SHAC receives Federal marketing funds to promote 100% Hawaiian origin products around the world, including coffee, papaya, floriculture and macadamia nuts. Frequently we find that the demand for 100% Hawaiian products far exceeds available supply. **Quite simply, there is not enough Kona, Ka'u or Maui coffee to meet the global desire for Hawaiian coffee. This makes our roasted coffees highly vulnerable to counterfeiting.**

The technology to inspect roasted coffee for origin is basic and mainstream. The University of Hawaii has done studies on roasted coffee, where they use readily-available lab equipment to successfully differentiate between Kona and non-Kona beans (Jun Wang, et al., Vol. 74, Nr. 5, 2009—Journal of Food Science). Other mainland studies confirm that “coffee DNA” testing is scientifically valid, including a project by the Hawaii Coffee Association to build a “fingerprint” of all coffees statewide through the Oritain database. **Granting HDOA the authority to inspect roasted coffee is a necessary step to protect Hawaiian coffees from counterfeiting.**

We appreciate the Legislature working with the coffee industry through protection of origin products from cherry all the way through roasted coffee. The technology exists to test the authenticity of both grade and origin of Hawaiian coffee. Enforcement of this bill is expected to be on an as-needed basis, such as a consumer complaint.

Mahalo nui loa for supporting this bill!

Suzanne Shiner
Administrator

Officers

Kaipo Kekona
State President

Anabella Bruch
Vice-President

Maureen Datta
Secretary

Reba Lopez
Treasurer

Chapter Presidents

Clarence Baber
Kohala, Hawai'i

Odysseus Yacalis
East Hawai'i

Puna, Hawai'i

Andrea Drayer
Ka'ū, Hawai'i

Kona, Hawai'i

Fawn Helekahi-Burns
Hana, Maui

Mason Scharer
Haleakala, Maui

Kaiea Medeiros
Mauna Kahalawai,
Maui

Kaipo Kekona
Lahaina, Maui

Rufina Kaauiwai
Molokai

Negus Manna
Lāna'i

India Clark
North Shore, O'ahu

Christian Zuckerman
Wai'anae, O'ahu

Ted Radovich
Waimanalo, O'ahu

Vincent Kimura
Honolulu, O'ahu

Natalie Urminska
Kauai



LATE

Aloha Chair Gates, Vice Chair Kahaloa, and Members of the House Agriculture & Food Systems Committee,

The Hawaii Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU supports HB2613.**

We believe that the expansion of the criminal offense of false labeling of Hawaii-grown coffee to include roasted coffee is an essential step towards protecting the integrity of our local agricultural products.

This bill is crucial in ensuring that consumers can trust the authenticity of the coffee they are purchasing. By imposing a significant fine of \$10,000 for each separate offense of false-labeling Hawaii-grown roasted coffee, it sends a clear message that deceptive practices will not be tolerated. This will act as a deterrent for those who seek to mislead consumers and will help maintain the reputation of Hawaii coffee as a premium product.

Having a dedicated enforcement position within the Department of Agriculture to investigate and penalize offenders will greatly enhance the effectiveness of this bill and ensure its successful implementation. We urge the committee to consider the interests of our farmers and support this bill, as it will safeguard the reputation of our local agricultural products and provide consumers with the confidence they deserve.

Mahalo for the opportunity to testify.

Kaipo Kekona, President HFUU/HFUF

HB-2613

Submitted on: 2/5/2024 11:04:44 AM

Testimony for AGR on 2/7/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
James Kimo Falconer	Hawaii Coffee Growers Association	Support	Written Testimony Only

Comments:

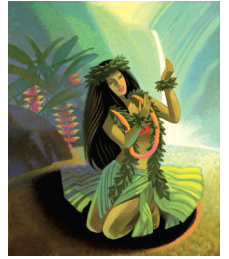
Chair Gates, Vice Chair Kahaloa and members of the AGR committee,

Please support HB 2613. We continue to ask that this issue of false labeling and countefeiting of Hawaii orgin coffee be taken seriously. If the name recognition and value of genuine Hawaii grown coffee did not stand up in the market-place, then people would not be trying to find illicit opportunities in abusing this highly valued crop. How easy is it to claim a coffee to be labeled with a Hawaii origin, giving the perception to the buyer of a great deal they are getting, when the coffee in the bag is actually originating from Mexico or Vietnam? This needs enforcement and the industry is asking for your help.

Mahalo 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 Cedric Asuega Gates, Chair
Representative Kirstin Kahaloa, Vice Chair
Committee on Agriculture & Food Systems

FROM: Gerard Bastiaanse
President- Hawaii Coffee Company

RE: **HB 2613 Relating to Agriculture – Comments**
Wednesday, February 7, 2024; 9:30 A.M.

Aloha Chair Gates, Vice Chair Kahaloa and members of the committee:

Hawaii Coffee Company is offering comments regarding HB 2613, 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.

HB 2613 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.