

Honolulu, Hawaii

MAR 22 2019

RE: H.B. No. 144  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred H.B. No. 144, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO COFFEE LABELING,"

begs leave to report as follows:

The purpose and intent of this measure is to support Hawaii's coffee growers by:

- (1) Requiring disclosure on the label of coffee blends of the respective geographic origins of Hawaii-grown coffees and regional origins of coffees not grown in Hawaii and the percentage of origin by weight of the blended coffees; and
- (2) Making it a violation of the coffee labeling law to use a geographic or regional origin in labeling or advertising for roasted or instant coffee blends that contain less than fifty-one percent coffee by weight from that geographic origin.

Your Committee received testimony in support of this measure from one member of the Hawai'i County Council; Kona Coffee Farmers Association; Bea's Knees Farm; Smithfarms.com; Kau Coffee Growers Cooperative; Pohaku Farm; Konaloha Farms; Monk's Delight Kona Coffee; A'a Li'i Farm; Food Security Hawaii; Buddha's Cup Coffee;



Hawaii Chocolate and Cacao Association; Kanalani Ohana Farm; Sugaikonacoffee; Lavarock Farm; Cassandra Farms; Hale Kai Lana, Inc.; Hawaii Advocates For Consumer Rights; Maui Farmers Union United; Hawaii Farmers Union United; and sixty-nine individuals. Your Committee received testimony in opposition to this measure from the Kona Coffee Council, Hawaii Restaurant Association, Hawaii Food Industry Association, IL Gelato Hawaii, Hawaiian Queen Coffee, Hawaii Coffee Company, 7 Eleven Hawaii, Cornwell Coffee, Hawaii Coffee Association, RKCC, Aloha Hills Kona Coffee LLC, Royal Kona Coffee Visitor Center Mill & Museum, and fifty-one individuals. Your Committee received comments on this measure from the Department of Agriculture.

Your Committee finds that the original roasted coffee label law was enacted by Act 289, Session Laws of Hawaii 1991, which established a ten percent minimum amount of Kona coffee, by weight, for Kona blended coffee. Your Committee also finds that for many years, Hawaii has been one of the only regions in the world that authorizes by law the use of its geographic origin name in the labeling of agricultural products with as little as ten percent of the content actually grown in Hawaii.

Your Committee further finds that the local coffee industry is divided on whether to amend the minimum percentage of the coffee blend required to be of the named origin, and the economic effects of such a change. Therefore, your Committee finds that requiring an economic impact study and further deliberation by a task force would be a more prudent way forward at this point in time.

Your Committee has amended this measure by:

- (1) Deleting language that would have amended section 486-120.6(b) and (c), Hawaii Revised Statutes, to prohibit the use of geographic origins in labeling for coffee containing less than fifty-one percent of coffee sourced from that region;
- (2) Requiring the University of Hawaii Economic Research Organization to conduct an economic impact study to assess the impact of possible changes to labeling laws on the local coffee industry and requiring the University of Hawaii Economic Research Organization to



report its findings and recommendations to the Legislature and the coffee labeling task force by the Regular Session of 2021;

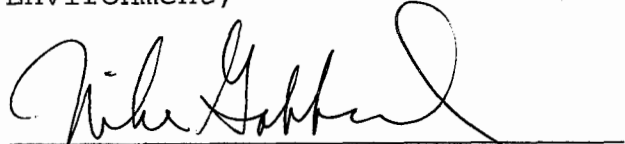
- (3) Establishing on July 1, 2020, a coffee labeling task force to review and assess the findings and recommendations of the economic impact study, develop proposed legislation, and identify related issues not addressed by state law;
- (4) Specifying the membership of the task force;
- (5) Requiring the task force to submit a report of findings and recommendations to the Legislature prior to the Regular Session of 2022;
- (6) Inserting an appropriation of \$250,000 for the economic impact study;
- (7) Inserting an appropriation of \$100,000 for the task force;
- (8) Amending section 1 to reflect its amended purpose;
- (9) Making it effective on July 1, 2019; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that the economic impact study should include a comparative, in-depth analysis of how origin labeling of product content can affect the pricing of and market for high-value, quality products.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 144, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 144, H.D. 1, S.D. 1, and be referred to your Committees on Commerce, Consumer Protection, and Health and Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture and  
Environment,



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MIKE GABBARD, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB144, HD1	AEN, CPH/WAM	03-20-2019		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RUDERMAN, Russell E. (VC)		X		
RHOADS, Karl		X		
THIELEN, Laura H.		X		
FEVELLA, Kurt		X		
<b>TOTAL</b>	12	4	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes