

Honolulu, Hawaii

MAR 24 2022

RE: H.B. No. 1517
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Energy,
Economic Development, and Tourism, to which was referred H.B.
No. 1517, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO COFFEE,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require coffee blend labels to disclose geographic and regional origins and percent by weight of the blended coffees;
- (2) Prohibit using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than a certain percentage of coffee by weight from that geographic origin, phased in to a minimum of fifty-one percent after July 1, 2024;
- (3) Prohibit use of the term "All Hawaiian" in labeling or advertising for roasted or instant coffee not produced entirely from green coffee beans grown in Hawaii; and
- (4) Appropriate moneys for the pesticide subsidy program and for one full-time equivalent position to conduct inspections.



Your Committees received testimony in support of this measure from the Department of Agriculture; three members of the Hawai'i County Council; Hawai'i Farmers Union United; Kona Coffee Farmers Association; Absolute Palate, LLC; Kauai Coffee Company; Hawaii Coffee Association; Cyanotech Corporation; Lions Gate Farms; Hawaii Coffee Growers Association; Kokoleka Lani Farms; Ka'u Coffee Growers Cooperative; Kauai Women's Caucus; The Four Sens, LLC; Huahua Farm; Rancho Aloha; Life of the Land; Kona Earth, LLC; Hawai'i Alliance for Progressive Action; Hawaii's Thousand Friends; Kona-Kohala Chamber of Commerce; South Kona Estate; LavaRock Farm; Chamber of Sustainable Commerce; and thirty-three individuals. Your Committees received testimony in opposition to this measure from Aloha Hills Kona Coffee, LLC; Cancino Family Farm; Hawaii Restaurant Association; Kona Coffee Council; Hawaii Food Industry Association; Hawaii Coffee Company; Retail Merchants of Hawaii; and two individuals. Your Committees received comments on this measure from the Department of Budget and Finance.

Your Committees find that coffee is one of Hawaii's most valuable agricultural crops. However, existing labeling requirements allow products containing as little as ten percent Hawaii-grown coffee to be advertised as Kona, Maui, or Kau coffee. The low threshold for products to be labeled with Hawaii's geographic names damages the reputation of Hawaii's coffee industry and reduces the revenues of the State's coffee producers. This measure establishes additional labeling requirements for coffee products to ensure that the products' advertising more appropriately reflects their origins. However, your Committees further find that the economic impacts of changes to the labeling requirements are unclear. Without more information on the economic impacts, there is a risk of unintended consequences for Hawaii's coffee growers and the State's economy.

Accordingly, your Committees have amended this measure by:


- (1) Removing the proposed changes to existing coffee labeling requirements;
- (2) Requiring the Department of Budget and Finance to conduct a study of the economic impacts of the proposed coffee labeling requirements; and



- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Energy, Economic Development, and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1517, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1517, H.D. 2, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment and Energy, Economic Development, and Tourism,



GLENN WAKAI, Chair




MIKE GABBARD, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:* HB 1517 HD2	Committee Referral: (AEN) / EET, CPN / WAM	Date: 03/21/22		
<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)	/			
NISHIHARA, Clarence K. (VC)	/			
ACASIO, Laura		/		
RHOADS, Karl		/		
FEVELLA, Kurt		/		
TOTAL	2	3	—	—
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1517 HD2	AEN/EET, OPN/WAM	3/21/22		
<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
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt		✓		
TOTAL	4	1	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <p style="text-align:center;"><i>Bennette E. Misalucha</i></p>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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