

JAN 17 2024

A BILL FOR AN ACT

RELATING TO AGRICULTURE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that coffee is the
2 State's second most lucrative agricultural crop, valued by the
3 United States Department of Agriculture at \$98,000,000 annually,
4 with the industry having additional upstream and downstream
5 impacts that include employment, land preservation, and tourism.

6 The legislature further finds that Hawai'i-grown coffee is
7 among the highest priced coffee sold anywhere in the world,
8 largely due to the high cost of production and its reputation
9 for outstanding quality. As such, the State's coffee industry
10 is susceptible to fraud when less expensive coffees are falsely
11 labeled as originating from Hawai'i. Currently, state law
12 imposes penalties for the false labeling (counterfeiting) of
13 Hawai'i-grown coffee in cherry and parchment form, but the fraud
14 of coffee counterfeiting has been almost exclusively committed
15 in roasted coffee products. Coffee counterfeiting undermines
16 Hawai'i's coffee farmers by misrepresenting an increase in
17 supply, thereby creating downward price pressure and value



1 depreciation in the marketplace. Additionally, further harm
2 occurs when inferior products are introduced into the supply
3 chain, thereby undermining Hawai'i's hard-fought brand identity
4 for high quality crops.

5 Moreover, the legislature believes that enforcement of
6 coffee labeling laws is of paramount importance to their
7 effectiveness, and that investment in enforcement will compound
8 labeling requirements' effectiveness by enhancing its deterrent
9 effect. As such, the legislature finds that a full-time
10 position within the department of agriculture dedicated solely
11 to the enforcement of labeling laws applicable to Hawai'i's
12 agricultural products will greatly improve brand integrity in
13 the State.

14 Accordingly, the purpose of this Act is to deter coffee
15 counterfeiting by:

16 (1) Expanding the application of the criminal offense of
17 false labeling of Hawai'i-grown coffee to include
18 roasted coffee;

19 (2) Enhancing the penalties for the criminal offense of
20 false labeling of Hawai'i-grown coffee through the
21 imposition of a mandatory fine for each offense; and



1 (3) Establishing a position within the department of
2 agriculture for the purpose of labeling and packaging
3 enforcement and inspection.

4 SECTION 2. Section 708-871.5, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "[~~§~~708-871.5~~§~~] **False labeling of Hawaii-grown**
7 **coffee~~[-]~~; penalties.** (1) A person commits the offense of
8 false labeling of Hawaii-grown coffee if the person knowingly
9 transports, distributes, advertises, sells, or possesses with
10 the intent to sell Hawaii-grown green coffee, cherry coffee,
11 [~~or~~] parchment coffee, or roasted coffee that is falsely labeled
12 with regard to the geographic origin of the Hawaii-grown coffee.

13 (2) For purposes of this section:

14 "Cherry coffee" means the unprocessed fruit of the coffee
15 plant.

16 "Geographic origin" means the geographic areas designated
17 as follows:

- 18 (a) Hamakua is the Hamakua district on the island of
19 Hawaii, as designated by the State of Hawaii tax map;
20 (b) Hawaii is the State of Hawaii;



1 (c) Kau is the Kau district on the island of Hawaii, as
2 designated by the State of Hawaii tax map;

3 (d) Kauai is the island of Kauai;

4 (e) Kona is the north Kona and south Kona districts on the
5 island of Hawaii, as designated by the State of Hawaii
6 tax map;

7 (f) Maui is the island of Maui;

8 (g) Molokai is the island of Molokai; and

9 (h) Oahu is the island of Oahu.

10 "Green coffee" means the agricultural commodity comprised
11 of green coffee beans.

12 "Parchment coffee" means the dried product that remains
13 when coffee cherries are processed by removing the coffee seeds
14 from the pulp.

15 "Roasted coffee" means the product that results from
16 heating the coffee cherry seeds to augment aroma and flavor.

17 (3) False labeling of Hawaii-grown coffee is a class C
18 felony. In addition to any penalties imposed pursuant to
19 section 706-605, the court shall impose on any defendant
20 convicted of false labeling of Hawaii-grown coffee a mandatory



1 fine of \$10,000 for each separate offense. The mandatory fine
2 imposed shall not be suspended or waived."

3 SECTION 3. In accordance with section 9 of article VII of
4 the Hawaii State Constitution and sections 37-91 and 37-93,
5 Hawaii Revised Statutes, the legislature has determined that the
6 appropriations contained in Act 164, Regular Session of 2023,
7 and this Act will cause the state general fund expenditure
8 ceiling for fiscal year 2024-2025 to be exceeded by
9 \$ or per cent. This current declaration takes
10 into account general fund appropriations authorized for fiscal
11 year 2024-2025 in Act 164, Regular Session of 2023, and this Act
12 only. The reasons for exceeding the general fund expenditure
13 ceiling are that:

- 14 (1) The appropriation made in this Act is necessary to
15 serve the public interest; and
16 (2) The appropriation made in this Act meets the needs
17 addressed by this Act.

18 SECTION 4. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$88,935.00 or so much
20 thereof as may be necessary for fiscal year 2024-2025 to fund
21 one full-time equivalent (1.0 FTE) measurements standards



1 inspector (BU3, SR-19, Step C) position within the department of
2 agriculture for the purpose of labeling and packaging
3 enforcement and inspection.

4 The sum appropriated shall be expended by the department of
5 agriculture for the purposes of this Act.

6 SECTION 5. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 6. This Act shall take effect upon its approval;
9 provided that section 3 shall take effect on July 1, 2024.

10

INTRODUCED BY:



S.B. NO. 2103

Report Title:

DOE Roasted Coffee; False Labeling; Fines; Expenditure Ceiling; Appropriation

Description:

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. Makes an appropriation for 1.0 FTE enforcement position within the Department of Agriculture.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

