

LINDA LINGLE
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
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SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
FRIDAY, FEBRUARY 13, 2009
8:30 AM
ROOM 312

HOUSE BILL NO. 448
RELATING TO HAWAII PRODUCTS

Chairperson Tsuji and Members of the Committee:

Thank you for this opportunity to provide testimony on House Bill No. 448, relating to Hawaii products. This bill amends Chapter 486-119, Hawaii Revised Statutes by adding language that is more restrictive to labeling requirements for products labeled "made in Hawaii" or "grown in Hawaii" including brand and product names. One of two new sub-sections creates additional labeling requirements and restrictions for agricultural products in processed food products. The second new sub-section requires businesses to use a symbol of a "yellow hibiscus" on products that meet the requirements of Chapter 486-119. The department recognizes the intent of this bill, but opposes the bill in its current form.

Subsection (b) refers to any "named" agricultural product, but does not define or clarify what constitutes "named." If the intent was to require a "named" agricultural product in a processed food to COMPRISE at least fifty-one percent of the contents by weight of the processed food, then this could lead to an unreasonable result. For example, this would require Hawaii Macadamia nut cookies to be 51% comprised by weight of Hawaii Macadamia nuts.

Subsection (c) contains definitions for "Agricultural product" and "Processed food product" that are far too broad, especially "agricultural product" which is defined to include any "prepared food."

As written, subsection (d) appears to impose new labeling requirements for all businesses that manufacture their products in Hawaii even if they don't use that fact in promoting their product.

wooley1-Christopher

From: Cathy [mailto:cathy@agrtestimony.org]
Sent: Thursday, February 12, 2009 2:40 PM
To: AGRtestimony
Subject: for hearing Friday, Feb13, 2009 Room 312, 8:30 am (5 copies please)
Attachments: noname.pdf

ANIMAL RIGHTS HAWAII
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HONOLULU, HI 96816
808.941.9476
ANIMALRIGHTSHAWAII.ORG
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House Committee on Agriculture
Friday, February 13, 2009
Conference Room 312
State Capitol
Rep. Clift Tsuji, Chair
Rep. Jessica Wooley, Vice Chair

re: HB448

position: support

Animal Rights Hawaii'i supports legislation to inform consumers about the accuracy of labeling of food.

For several years, slaughterhouses on O'ahu and Maui have imported up to 15,000 pigs per year, mostly from Canada, now from American factory farms as far away as Iowa. These pigs undergo horrible conditions, many dying en route and their bodies thrown overboard. During the often 8-9 day journeys, these pigs are never allowed to flex their legs or walk on the ground.

ARH has investigated this cruel transport for several years, working with two international investigative videographers, who produced two DVDs documenting the cruelty, the lack of sanitation and the mislabeling of meat at major grocery retailers.

ARH, along with the World Society for the Protection of Animals and others, have filed a petition with the State of Hawaii'i Dept. of Agriculture citing that pig meat sold as "island grown" is indeed a falsification, because there is no specific labeling of local pig meat as

opposed to mainland pigs killed here and called "local". We are asking for truth in labeling, and we support HB448.

I have included the press release issued by the Handle With Care Coalition.

With aloha,

Cathy Goeggel
Director

Amid State's Plea to Buy Local, Groups Take Action Against Hawaii's Imposter Pork

By: PR Newswire

Feb. 9, 2009 10:57 AM



HONOLULU, Feb. 9 /PRNewswire-USNewswire/ -- Misleading labels on pork products are causing Hawaii residents and tourists to unwittingly participate in inhumane practices against animals. In response, a coalition of animal protection groups has submitted a petition to the Hawaii Department of Agriculture to investigate if "island produced" pork labels, when used on meat from imported animals, are in violation of the Hawaii Meat Inspection Act.

Stressed and exhausted from overcrowded and often filthy conditions, thousands of pigs endure a more than week-long journey from the mainland United States only to be slaughtered on arrival in Honolulu. In 2008, a total of 13,082 pigs were imported from California, Iowa, Montana and South Dakota for slaughter. The purpose of this inhumane and costly practice is to produce meat that can be sold to unsuspecting consumers as "Island Produced Pork." The petition urges the Department of Agriculture to ensure that these labels are reserved for meat produced from pigs born, raised and slaughtered in Hawaii.

"Imported pigs suffer trauma and increased risk for disease prior to slaughter, yet people are led to believe they are purchasing a premium local product," said Dena Jones, U.S. programs director for the World Society for the Protection of Animals, the lead organizer of the petition. "Shoppers depend on package labeling for food product information. To classify these products as originating in Hawaii deceives the consumer."

The petition specifically requests the Hawaii Department of Agriculture to investigate potential Hawaii Meat Inspection Act violations committed by pig importer and pork distributor Hawaii Food Products and specific grocery store chains that label such products: Times Supermarkets, Star Markets and Foodland Super Market. Ultimately the animal protection coalition aims to educate consumers and to halt the importation of mainland United States pigs to Hawaii for slaughter.

The appeal comes on the heels of Governor Linda Lingle's State of the State Address in which she emphasized the need for the state to boost food self-sufficiency. Susan Prolman, Humane Society International director said, "With the state's focus on supporting local farmers by buying locally produced products, now is the time for the Hawaii Department of Agriculture to prohibit the practice of importing live pigs and labeling the meat as locally produced."

The Handle with Care coalition is comprised of leading international animal protection groups that have come together to end the long-distance transport of animals for slaughter. U.S. coalition partners include the World Society for the Protection of Animals (WSPA) and the Humane Society of the United States/Humane Society International (HSUS/HSI). Other signatories to the petition are Animal Rights Hawaii and Born Free USA united with the Animal Protection Institute. The coalition is currently sponsoring a Honolulu-area bus advertisement informing the public about the "Island Produced Pork," "Island Pork," "Island Produced" and "Made in Hawaii" pork labels. To find out more about this issue, visit www.handlewithcare.tv.

SOURCE World Society for the Protection of Animals



Captain Cook Coffee Co., Ltd.

February 12, 2009

HB 448
Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chair Tauji and committee members, my name is Steven McLaughlin and I am the owner of Captain Cook Coffee Company Ltd. I am a coffee farmer with 67 acres of Kona coffee and a processor of Kona coffee that represents over 100 small 2nd and 3rd generation coffee farmers in Kona.

HB 448 changes the requirements for made in Hawaii labeling to unrealistic standards and would now ban the use of any trademark on a product that do not contain 51% of raw material made or grown in Hawaii.

In 1992, the coffee industry in Hawaii sponsored "Truth and Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name.

HB 448 will force the 2 largest coffee blenders in Hawaii to change their blends from 10% to 51% and drive the price to the consumer up by more than 400%. Hotels and restaurants will stop using Kona coffee because they will not be able to afford the increase in price. Today, blenders account for purchasing over 50% of Kona coffee and if you remove them from the market, the price of Kona coffee cherry will be reduced to the lowest prices in Kona coffee history. "The real point that I am trying to make is-- Why change something that is really working for the Kona coffee farmer, tourists that visit our great State and the Hotel and Restaurant trade.

In closing, I just do not understand why this type of Bill was introduced when the economic impact for Hawaii would be devastating for the Hawaii Coffee Industry, employees, vendors, and consumers. We cannot change labeling laws without a complete economic impact study that affects the entire Hawaiian Coffee Industry. The group that presented this Bill HB 448 only represents less than 2% of the entire Hawaiian Coffee Industry.

Corporate Headquarters

37 South Street
Huntington, WA 98143

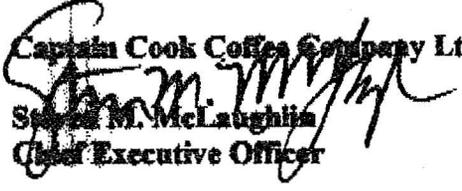
www.captaincookkona.com

Production Facility
79-7415 Mamalahoa Highway
Kainaliu, Hawaii 96750
Tel: 808-322-3501
Fax: 808-322-2087

I have enclosed my Petitions from my Farmers who OPPOSE HB 448

Respectfully,

Captain Cook Coffee Company Ltd.


Stephen M. McLaughlin
Chief Executive Officer

From: Dan Kuhn [
Sent: Thursday, February 12, 2009 11:35 AM
To: AGRtestimony
Cc: Sen. Clayton Hee
Subject: Re: HB 448

**Memo To: House Committee on Agriculture
Conference Room 312, Friday, February 13, 2009 8:30 A.M.**

Subject: HB 448, Relating to Amendments to "Made in Hawaii" Labeling Requirements

Aloha Chairman Tsuji and Members of the Committee,

My name is Dan Kuhn, President of the Hawaii Coffee Growers Association (HCGA). Our organization is **OPPOSED** to this Bill.

HCGA through its membership represents about 5000 acres of the 8000 acres of coffee grown in Hawaii.

We strongly believe that the current "Made in Hawaii" law is a good law and should stand as is.

We strongly support "Truth in Labeling" in regards to coffee and support existing labeling requirements.

Many companies sell 100% Hawaiian coffees and we encourage this. However many commercial users such as Hotels and Restaurants will not purchase 100% or 51% Hawaiian coffees on account of cost. The current 10% Blend users represent a large portion of our current market and we like to keep that market.

Coffee growers in Hawaii are free to sell their coffee as 100% or any amount over 10% currently. We think this has worked well, showing in a steady increase of coffee prices especially Kona coffee prices.

Thank you for allowing this testimony.

Aloha
Dan Kuhn
President HCGA

cc. Sen. Clayton Hee



HAWAII FOOD INDUSTRY ASSOCIATION

820 Mililani St., Suite 810, Honolulu, Hawaii 96813
Phone (808) 533-1292 - Fax (808) 599-2606 - Email LISHawaii@aol.com
Direct (808) 479-7966



February 13, 2009

To: House Committee on Agriculture
Rep. Cliff Tsuji, Chair
Rep. Jessica Wooley, Vice Chair

By: Richard C. Botti, President
Lauren Zirbel, Government Relations

Re: HB 448 RELATING TO HAWAII PRODUCTS

Expressing concerns

Chairs & Committee Members:

The Hawaii Food Industry Association is the producer of the Made In Hawaii Festival. We are now working on the 14th Annual Event, and let me assure you that maintaining the credibility of the event by preventing products that do not meet the legal requirements has been a challenge, since the law is more gray than black and white.

The proposed amendments to S486-119 will eliminate the gray area. However, it may do so at a major cost to the state. We are in a situation where there has to be some bend, common sense, practicality, and reality involved before you create something that may do more harm financially than intended.

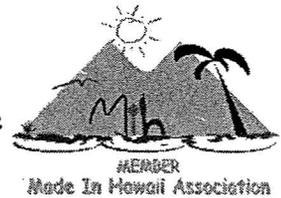
With respect to the Festival, we work closely with the Department of Agriculture and the Office of Consumer Protection to assure that we are doing everything possible to maintain credibility that when we say the "Made In Hawaii Festival," it is just that. We have attached a copy of our Formula sheet that took three years to finalize. I actually gave up on it, and then the Department of Agriculture found a copy of it and said "this is good." With that encouragement, they helped me clean it up some, and now we are requiring exhibitors to provide us with this form if we feel the exhibitor has suspect products. The form however in itself is arbitrary in that unless something was obvious, we could not question it. If we did, we could end up in court, since their entrance to the event has value to each vendor.

Requiring products that meet the labeling requirements in section (d) is good. However, if a company is successful and can't meet the marketing needs, they would either have to cease production, or import replacement product to meet demands. This creates situations where they some of these, and some of those. This also may create cost issues.

Then this my old friend Bob Taira who became famous for his Kings Hawaiian Sweet Bread. He solved his problems by building two plants on the Mainland where his market was, and avoided all Hawaii laws which impare growth.

Then there is the Kona Coffee issue. Are we prepared to have local coffee processors send their coffee to the Mainland for processing? They would be closer to a large market, and would avoid the Made In Hawaii law? If so, what affect will this have on Hawaii growers?

In frustration, I presented a master plan to my Board of Directors to address the Festival issue. We now have a new association under our umbrella called the Made In Hawaii Association. This allows us to screen members and only allow those that meet the requirements to be associated with us and to use our association logo. If we come to a situation where our decision is challenged, we will punt to the State Department of Agriculture (as we now do) and ask them to make a decision on the product(s). Our goal here was to accentuate the positive, place all members on our website with links to their website, creating a means of assuring consumers that they can find Made In Hawaii products. We hope to work closely with the Dept. of Agriculture on this venture, since we do not have the roadblocks that the State has in creating something.



While your proposed amendments address agriculture products, we are looking at everything. Here is our category list to date. We go by the 51% value added and manufactured, assembled, fabricated, or produced in Hawaii.

Detailed Exhibitor and Product Information

This information will be used for Directory Purposes. If you require a category that is not listed, please list what you need, but please keep it as broad as possible.

<input type="checkbox"/> Apparel Children	<input type="checkbox"/> Apparel Mens	<input type="checkbox"/> Apparel Womens	<input type="checkbox"/> Arts & Crafts	<input type="checkbox"/> Beauty Products	<input type="checkbox"/> Beverages
<input type="checkbox"/> Children Products	<input type="checkbox"/> Fine Artwork	<input type="checkbox"/> Food Items	<input type="checkbox"/> Footwear	<input type="checkbox"/> Gifts	<input type="checkbox"/> Hawaiian Items
<input type="checkbox"/> Health & Wellness	<input type="checkbox"/> Holiday Items	<input type="checkbox"/> Jewelry	<input type="checkbox"/> Music	<input type="checkbox"/> Pet Products	<input type="checkbox"/> Photography
<input type="checkbox"/> Plants	<input type="checkbox"/> Pottery	<input type="checkbox"/> Produce	<input type="checkbox"/> Software / Graphics	<input type="checkbox"/> Woodwork	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

We also promote the laws covering:

- Ni'ihau shells;
- Acacia koa wood;
- Island Fresh Milk;
- Macadamia Nuts; and
- Coffee

In summary, the decision this Committee and the Legislature must make is: Are you solving a problem, or creating other problems?

MADE IN HAWAII FESTIVAL

MADE IN HAWAII LAW — Defined

10/08

The following definitions of Made In Hawaii are the basis for assuring the credibility of the Made In Hawaii Festival. HFIA produces the Festival to help support locally produced items. Because the law is vague, it is our responsibility to provide some guidelines and ground rules for participation in the Festival. We do this with the intent to be as fair as possible, while maintaining credibility. While placing a price on creativity is not an easy thing, it is important to include this element in our definitions, especially when it comes to the value of products where creativity is a major component. This would especially apply to books and paintings.

[§486-119] Hawaii-made products. No person shall keep, offer, display or expose for sale, or solicit for the sale of any item, product, souvenir, or any other merchandise which is labeled "made in Hawaii" or which by any other means misrepresents the origin of the item as being from any place within the State, which has not been manufactured, assembled, fabricated, or produced within the State and which has not had at least fifty-one per cent of its wholesale value added by manufacture, assembly, fabrication, or production within the State

[§486-118] Misbranding. (a) No person shall deliver for introduction, hold for introduction or introduce into the State; or keep, offer, or expose for sale; or sell any consumer commodity which is misrepresented or misbranded in any manner.

(b) The board, pursuant to section 486-7 and chapter 91, shall adopt rules relating to misbranding. The rules may:

- (1) Require any person involved in the manufacture, processing, production, assembly, fabrication, or importation of a specified consumer commodity to keep and make available for inspection or copying by the administrator adequate records to substantiate the source of the consumer commodity, or in the case of blends, the source of such constituents, as may be required by the board;
- (2) Establish fanciful names or terms, and in the case of blends, minimum constituent content by weight, to be used in labeling to differentiate a specific consumer commodity from an imitation or look-alike; and
- (3) Establish requirements to reconcile the respective volumes of specific consumer commodities received versus the total amounts output, either as whole or processed product or as blends.

In addition, the board may adopt other rules as it deems necessary for the correct and informative labeling of consumer commodities.

FORMULA TO ESTABLISH MADE IN HAWAII

The following formula will provide HFIA with documentation necessary to assure you meet the legal requirements with respect to the Festival.

There are three components of product cost:

- 1) Direct Material Cost—raw materials, distinguished by origin, imported or Hawaiian;
- 2) Direct Labor Cost—the costs of workers who add value to a product through their direct involvement in the production process here in Hawaii; and
- 3) Manufacturing Overhead Cost—indirect manufacturing costs incurred in Hawaii, which includes:
 - Indirect labor cost*—wages of employees not directly involved in product, including:
 - Wages for employees performing equipment maintenance and repairs;
 - Wages for production supervisors; and
 - Wages for personnel supporting production such as quality control inspectors.

Indirect Materials cost:

- Utilities consumed by manufacturing equipment;
- Insurance for manufacturing assets;
- Supplies consumed during the production process
- Depreciation on manufacturing assets; and
- Safety equipment for manufacturing equipment operators.

Not considered as a product cost according to Generally Accepted Accounting Practices (GAAP) are:

- Operating expenses—Resources consumed by administrative and selling activities, including compensation of officers, business advertising, and waste disposal; and
- Lease, rent, taxes, or interest on business property, assets, or debts.

EXAMPLE FORMULA

Cost—per individual unit	
Material Cost—Imported.....	A \$ 10.00
<hr/>	
Hawaii Value added	
Material Cost—Hawaii (Locally Produced Materials).....	B \$ 3.00
Direct Labor Cost—Hawaii	C \$ 2.00
Manufacturing Cost—Hawaii	
Indirect Material Cost.....	D \$.20
Indirect Labor Cost ..	E \$.12
Creativity Value if applicable.....	F \$ 5.10
Hawaii Value = (B+C+D+E+F) \$3.00 + \$2.00 + \$0.20 + \$0.12 + \$5.10)	G \$ 10.42
Product Cost (Wholesale value) (A+G) (\$10.00 + \$10.42	H \$ 20.42
<hr/>	
Hawaii Wholesale Value added (H-A ÷ H= I) (\$20.42 - \$10.00 = \$10.42 ÷ \$20.42) = I	51.0284%

CREATIVITY VALUE FORMULA

If your items involve creativity, you may be asked to justify this amount if it appears not to be objective. Creativity should be based on an individual product, based on one product run. An example would be a 5,000 book run. Included in the creativity is the time it took to finalize the creation based on the cost of other items created over time. Also, include overhead costs involved, such as office and incidental expense over the time span that it took to create the idea, volume, or product.

While we will accept anything that appears reasonable, we do expect it to be objective. It is our intention to encourage and support Made In Hawaii products, where the creativity is from residents of Hawaii.

If you have problems with the formula, please provide us with the figures, and we will help you finalize the formula.

(F) Creativity value per individual product [book, lithograph, greeting card, etc.] = time required to create, value of idea, overhead required during creation, and the value of other productions that have increased the value of your creations based on demand.

You may establish this based on percentage of the value of each individual item or product, and add this amount to (F) above, so long as the creativity is created in Hawaii as a resident of Hawaii.

(U) Time required to create the product (1,200 hours X hourly fee of \$ 20.00) = ...\$24,000
(Estimated hours required to create product)

(V) Value of idea based on past demand of past successful creations.....\$10,000
(Profits from sales of last creation)

(W) Overhead while creating the product that is not otherwise included in formula...\$ 1,720
(40 weeks @ \$43per week for supplies & utilities)

(X) Total.....\$35,720

(Y) Total production of products printed, manufactured, or produced.....7,000

(Z) = (X) \$35,720 ÷ (Y) 7000 = Z \$5.10 per individual product. This amount is to be placed in line (F) above.

MADE IN HAWAII FESTIVAL FORMULA WORKSHEET

Note: Please submit this information to the Made In Hawaii Festival upon request. This information will remain confidential and not shared with anyone except the State of Hawaii Department of Agriculture upon request if needed for investigatory purposes.

Cost—per individual unit

(A) Material Cost—Imported.....A \$ _____

Hawaii Value added

(B) Material Cost—Hawaii (Locally Produced Materials) B \$ _____

(C) Direct Labor Cost—Hawaii C \$ _____

Manufacturing Cost—Hawaii

(D) Indirect Material Cost..... D \$ _____

(E) Indirect Labor Cost E \$ _____

(F) Creativity Value if applicable..... F \$ _____

(G) Hawaii Value = (B+C+D+E+F) G \$ _____

(H) Product Cost (Wholesale value) (A+G).....H \$ _____

(I) Hawaii Wholesale Value added (H - A ÷ H= I) (\$ _____ - \$ _____ = \$ _____ ÷ \$ _____) = _____ %

CREATIVITY VALUE FORMULA

(F) Creativity value per individual product [book, lithograph, greeting card, etc.] = time required to create, value of idea, overhead required during creation, and the value of other productions that have increased the value of your creations based on demand.

You may establish this based on percentage of the value of each individual item or product, and add this amount to (F) above, so long as the creativity is created in Hawaii as a resident of Hawaii.

(U) Time required to create the product (_____ hours X hourly fee of \$ _____) = ..\$ _____
(Estimated hours required to create product)

(V) Value of idea based on past demand of past successful creations.....\$ _____
(Profits from sales of last creation)

(W) Overhead while creating the product that is not otherwise included in formula...\$ _____

(X) Total.....\$ _____

(Y) Total production of products printed, manufactured, or produced.....

(Z) = (X) \$ _____ ÷ (Y) _____ = (Z) \$ _____ per individual product. Place amount of (Z) in box (F) above

Company Name _____

Address _____ City _____ Zip _____

Contact Person _____ Telephone _____

I have reviewed this document and confirm that it is correct to the best of my knowledge.

Signature _____ Date _____ Fax _____

Email _____

Submit to: Made In Hawaii Festival
Hawaii Food Industry Assn.
P.O. Box 2810
Honolulu, HI 96803

You may Email to: madeinhawaiifest@aol.com



HAWAII FOREST INDUSTRY ASSOCIATION

P. O. Box 5594 ♦ Kailua-Kona, HI 96745-5594

Phone: 808-933-9411

Email: hawaii.forest@hawaiiantel.net

Website: www.hawaiiforest.org

February 13, 2009

**TESTIMONY IN SUPPORT OF H.B. 448
RELATING TO HAWAII PRODUCTS**

Dear Representative Cliff Tsuji, Chair and Representative Jessica Wooley, Vice Chair, Committee on Agriculture,

Thank you for the opportunity to provide testimony in support of H.B. 448, Relating to Hawaii Products.

HFIA supports an amendment to Section 486-119, Hawaii Revised Statutes, to require "made in Hawaii" rules to include "grown in Hawaii" and create labeling requirements. We support legislation that prohibits the use of the "made in Hawaii" or "grown in Hawaii" labeling of a product which has not had at least fifty-one percent of its wholesale value added by the manufacture, assembly, fabrication or production in the State of Hawaii. We also support the requirement that products comply with this legislation by July 1, 2011.

HFIA is a non-profit Hawaii organization, incorporated in 1989, which promotes a balance of forest land uses and sound management practices for all of Hawaii's forests. Our industry generates over \$35 million in business for the State, through the products and services of approximately 250 member companies and individuals. We have worked closely with the Division of Forestry and Wildlife (DOFAW) and the DLNR over the past 15 years to promote, foster and develop industry standards, initiate forestry research and development, and promote quality control and industry integrity in the State of Hawaii.

Sincerely,

Mike E. Robinson
President, Hawaii Forest Industry Association

Representative Cliff Tsuji, Chair
Representative Jessica Wooley
Agriculture Committee

Hawaii Food Manufacturers Association
February 12, 2009

Oppose HB448 relating to changing the definition of "Made in Hawaii"

The Hawaii Food Manufacturers Association is the trade association representing Hawaii's largest manufacturing industry, food product production. Its employees are approximately 6,000 and annual product value produced in Hawaii is approximately \$1 billion.

Hawaii's food manufacturing industry includes sugar and candy processing, fruit and vegetable preserving and canning, dairy product manufacturing, meat processing, seafood packaging, bakeries, snack and beverage production. The importance of this industry is as a major market for Hawaii grown farm products. The manufacturing process preserves farm produce, enabling farm products to not only have a much longer shelf life than fresh produce for local buyers, but to be shipped around the globe. Branding and marketing raises the value of Hawaii's processed foods considerably over farm commodity products. Made in Hawaii food products are important to the tourism industry.

The Hawaii Food Manufacturers Association (HFMA) opposed HB448 for the following reasons. HB448 would have significant detrimental effects on Hawaii's food manufacturing industry. While using locally grown agriculture products is an important part of local food product manufacturing, raw ingredients are currently not grown in Hawaii for a great number of products that are actually made in Hawaii at local built and maintained facilities by local employees. Many of Hawaii's food products reflect Hawaii's unique culture and history. More than just ingredients, the local creativity, entrepreneurship, and business skill that goes into production and marketing is also an essential element of "locally made".

The "Made in Hawaii" label has great value to Hawaii's large variety of locally crafted products. Local manufacturers must take advantage of the fact they are selling a genuine Hawaii product to offset the significantly higher production and shipping costs associated with manufacturing in Hawaii. Greatly restricting the ability to use the "Made in Hawaii" label for Hawaii's many cookie, candy, noodle, tofu, and beverage manufacturers creates a disincentive for manufacturing businesses to be in Hawaii.

More food manufacturing (value added food processing) capacity in Hawaii would benefit local farmers. But rather than supporting local agriculture, HB448 risks causing current food production capacity to move out of Hawaii for those companies who may use Hawaii agriculture products but below the labeling threshold. This would actually hurt our agriculture industry. If the farming community has to ship more raw commodities to producers outside of Hawaii they will be less likely to be competitive in global markets because of Hawaii's higher agriculture product production and shipping costs.

The HFMA is a very strong supporter of "buy local". In the case of Hawaii's food products, buying local is an economic issue of supporting local jobs, local rents to land owners, and other local commerce. Local food products designed by local people, reflect Hawaii's unique culture and multi-ethnic food tastes. Actions that make local production less desirable will diminish our economic base and culture.

wooley1-Christopher

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 12, 2009 2:35 PM
To: AGRtestimony
Cc: HFMA@foodsofhawaii.com
Subject: Testimony for HB448 on 2/13/2009 8:30:00 AM
Attachments: HB 448 Testimony.doc

Testimony for AGR 2/13/2009 8:30:00 AM HB448

Conference room: 312
Testifier position: oppose
Testifier will be present: No
Submitted by: Kathryn Anderson
Organization: Hawaii Food Manufacturers Association
Address: PO Box 30812 Honolulu, HI
Phone: 808-291-0727
E-mail: HFMA@foodsofhawaii.com
Submitted on: 2/12/2009

Comments:



Hawaii Restaurant Association

1451 South King St, Suite 503
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hra@hawaiirestaurants.org

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McDonald's Restaurants

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Douglas Trade Shows
Cuyler Shaw
Ashford & Winston

February 12, 2009

Representative Clift Tsuji, Chair
Committee on Agriculture
House of Representatives
Hawaii State Capitol Rm. 402
Honolulu, Hawaii 96813

Dear Chair Tsuji:

The Hawaii Restaurant Association stands in opposition to HB 448 that amends the "Made in Hawaii" rules to include "Grown in Hawaii" for products.

The fact that Hawaii is not a major agriculture state or one with many natural resources, this will go against encouraging industries and economic vitality for the State of Hawaii.

Industries that could be negatively affected here will include Ice Cream, Portuguese Sausage, Kona Coffee (Kona blends), Saimin, and many other small industries.

We should be encouraging our various industries to grow and provide jobs.

Thanks you for giving us the opportunity to share our views.

Sincerely,

Victor Lim
Chairman



February 12, 2008

House Committee on Agriculture
8th Senatorial District
Hawaii State Capitol, Room 222
415 South Beretania Street
Honolulu, HI 96813

Dear House Committee on Agriculture,

I am writing to express my thanks for your support in opposition to HB 448 as it is currently written, and to suggest further thoughts that may be useful in your efforts.

The operative theme is to punish those Hawaiian companies that have grown to the point where they manufacture their products not only in Hawaii, but also in other locations.

If the logic in this bill were extended to other Hawaiian companies, the result would be devastating. Here are 5 examples:

1. Mauna Loa - their Macadamia nut business has grown to the point where they are roasting and packaging their product on the Mainland in addition to Hawaii. Their entire brand and business would be at risk if their choices were local-only production, or abandon their brand name and reputation.
2. Hawaiian Host - their chocolate comes from outside of Hawaii as there is not sufficient capacity in Hawaii to produce cost effectively at this quality level. Would they simply go out of business?
3. Maui Divers Jewelry - their products are nearly all produced outside of Hawaii.
4. Kona Coffee - if the law requires that all Kona coffee be 100% produced in Hawaii, it would kill this business by driving the retail price to \$30 per pound.
5. Hilo Hattie - nearly all of their textiles are wholly or partially produced outside of Hawaii. The global nature of their industry does not allow them to be competitive with local-only production.

It is well understood that Hawaii is not a state where manufacturing is abundant. Various structural factors, like transportation costs, energy costs, and access to resources at competitive prices, work against an increased manufacturing presence. The premise of

this bill is to require more local manufacturing, despite the fact that business conditions make an overwhelming case against it. It would prevent Hawaiian companies in this industry from growing beyond the Hawaiian market. Frankly, it would give even greater dominance to Mainland companies -- our hands would be tied.

I see it as a perverse 'death wish' - pursue this strategy and it will cripple and kill many Hawaiian businesses - without any particular benefit to anyone - except perhaps the owners of 2 Maui businesses that are struggling with more capable competitors.

The impact of the proposed legislation on Kona Brewing Company would be devastating. The considerable value of our company (in excess of \$10 million) would be destroyed by the loss of the use of our brand name outside of Hawaii.

In 2007, for the first time, our sales on the Mainland exceeded our sales in Hawaii, despite the fact that our sales in Hawaii were up by 24% over the previous year. Our sales would be effectively cut in half.

A major retrenchment would have to occur. All of our 170+ employees (except one) live and work in Hawaii. In 2007 our payroll exceeded \$2.5 million. We paid excise tax of more than \$650,000 to the State of Hawaii. The figures would drop considerably.

We are counting on your will, and your skill, as you actively oppose this bill. I understand that it would be helpful to you to receive letters from numerous constituents who also oppose this bill. I am requesting this support from a number of people, so you should expect to see this in the coming days.

Thanks again for your support. If you would like to speak directly with me, my cell phone number is 808-937-0466.

Mahalo Nui,

A handwritten signature in black ink, appearing to read 'Mattson Davis', with a stylized flourish at the end.

Mattson Davis
President/CEO
Kona Brewing Company



Kona Coffee Council

Dedicated to 100% Kona Coffee

P.O. Box 2077, Kealahou, HI 96750

Email: Inquires@kona-coffee-council.com

Website: www.kona-coffee-council.com

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am

Place: House Conference Room 312

Chair Tsuji and committee members my name is Donna Woolley, President of the Kona Coffee Council. Thank you for allowing me to testify on behalf of the Kona Coffee Council in **OPPOSITION to HB 448.**

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii" or "Kona" as an "origin".

The Kona Coffee Council would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee, but products such as Kona coffee that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes. Existing legislation already protects our Kona origin designation.

Additionally, in 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. We believe that an informed consumer will make their purchase that best suits their economic needs. We encourage consumers to buy 100% Kona but also know that all consumers can't afford to purchase 100% Kona Coffee. We believe that an informed consumer is a protected consumer.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising

the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer.

SCR 102, passed by the 2007 Hawaii State Legislature dealt with this same issue and required a thorough market study and analysis of the potential economic impacts to each segment and tier of the coffee industry before the legislature determined whether to increase the minimum blend requirement. HB 448 contradicts existing SCR 102 by changing the minimum percentage for blends without a study. This is ill advised. We, in the coffee industry cannot afford the risk of losing a very substantial part of our coffee markets. This proposed legislation could put may coffee farmers out of business.

Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will also drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers **and in particular small coffee farmer**. The domino effect will hurt many in Kona. We are currently suffering with increased cost relating to the growth and production of our Kona coffee, **we can't afford to gamble on the livelihood of our farmers.**

Donna C Woolley
President, Kona Coffee Council



THE LEGISLATIVE CENTER

820 MILILANI STREET, SUITE 810
HONOLULU, HAWAII 96813-2938
PHONE: (808) 537-4308 • FAX: (808)533-2739

February 13, 2009

Testimony To: House Committee on Agriculture
Representative Clift Tsuji, Chair

Presented By: Tim Lyons, Legislative Liaison
Anheuser Busch Companies

Subject: H.B. 448 – RELATING TO HAWAII PRODUCTS

Chair Tsuji and Members of the Committee:

I am Tim Lyons, Legislative Liaison for Anheuser Busch Companies and we would like to request an amendment in this bill.

Our amendment pertains to an exclusion for liquor products based on the fact that their labels , composition and content are already regulated by the Federal Alcohol and Tobacco Tax and Trade Bureau which establishes standards relating to advertising, labeling and other claims. We want to be sure that the Hawaii law does not run into a conflict with that law. As an example, the wording on line 8 indicates that a brand or product name is something that could be misleading; an example might be the Kona Brewing Company on the Big Island. While no claim is made on the label that this product originates in Hawaii, we certainly would not want to have to deal with that challenge and

would request that the law be clarified. This is very similar to a mu'umu'u being made in Kalihi for "Hilo Hattie's" and the fear that someone would say that this is false or deceptive.

Based on the above, we would request specific language that would provide that any product regulated by the Alcohol and Tobacco Tax and Trade Bureau is not included in this section.

Thank you.



Representative Clift Tsuji, Chair
Representative Jessica Wooley, Vice Chair
Committee on Agriculture
State Capitol, Honolulu, Hawaii 96813

HEARING Friday, February 13, 2009
 8:30 am
 Conference Room 312

RE: **HB 448, Relating to Hawaii Products**

Chair Tsuji, Vice Chair Wooley, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

RMH strongly opposes HB 448, which amends "made in Hawaii" rules to include "grown in Hawaii," and creates labeling requirements.

HB448 will have far-reaching and unintended consequences for Hawaii manufacturers of food products, most of which are vendors for our retail members.

The reality is that a large proportion of the raw ingredients in Hawaii products are imported; these are just not produced here. However, it is the addition of that Hawaii-grown juice or special flavor that makes the product unique. Mandating a specific percentage of that "unique" ingredient will alter recipes to a point that destroys the original product.

Of further concern is the labeling provision in HB448. This will have serious, costly and disastrous effects on these manufacturers which have spend tremendous resources on trademarks, labels, branding and marketing.

Last year, RMH cooperated with DBEDT to produce a retail-specific satisfaction survey of the Japanese market. One area of interest was the kind of products our Japanese visitors purchased on their vacations – at the very top of that list was Hawaii products!

Hawaii's retailers want to support local manufacturers; our customers want to support local businesses. The cost of doing business in Hawaii already is huge, and national and international competition for our Hawaii-based companies is fierce. This measure surely will force our companies out of the marketplace.

We urge you to hold HB448. Thank you for your consideration and for the opportunity to comment on this measure.

A handwritten signature in cursive script, appearing to read 'Carol Tsuji'.

President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202

From: Marcus Bender [r]
Sent: Wednesday, February 11, 2009 5:07 PM
To: AGRtestimony
Subject: Opposition to HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Marcus Bender, Managing Director of Kai Vodka LLC. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

Marcus Bender

Managing Director
KAI Vodka LLC

From: Gloria Biven [
Sent: Thursday, February 12, 2009 3:29 PM
To: AGRtestimony
Subject: HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am

Place: House Conference Room 312

Chair Tsuji and committee members my name is Gloria L. Biven, Manager of Royal Kona Visitor Center Mill & Museum.

Thank you for allowing me to testify in **Opposition to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any AG product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product and others to fall under the "Made In Hawaii" provisions of HB 448. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law as you know was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment will force companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

I purchase from many local entrepreneurs. I sell their products to my people that come to Hawaii from around the world to our center on the Big Island of Hawaii. These entrepreneurs are not trying to cheat or create false impressions but for some if not most this is their only income. It shows we too have very creative and talented people among the great peoples of the world.

I would like to continue to display, sell, enjoy, from our own "local" entrepreneurs.

If not the case then I would have to purchase from other countries, *supporting their* locals. This would cripple our already economically stressed communities here in Hawaii.

I believe this is not your intention.

I strongly oppose HB 448

Aloha,

Gloria L. Biven
Manager
Royal Kona Visitor Center Mill & Museum

wooley1-Christopher

From: Sidney Boulware [
Sent: Thursday, February 12, 2009 10:59 AM
To: AGRtestimony
Subject: HB 448

Good Morning,

Chairman Tsuji and Committe Members, my name is Sid Boulware and I am the President of HIE Holdings, Inc. which is the parent company of Hawaiian Isles Kona Coffee and I thank you for allowing me to testify in **OPPOSITION of HB 448**. Passage of HB 448 would be devastating to our company that employs some 160 people in that our number of items manufactured and sold here and abroad would tumble tremendously with the added costs as mandated by this bill. Already we are at a disadvantage when competing with Mainland manufacturers who are not required to follow Hawaii Law regarding the content of Kona Coffee. The mere fact of having a trademark that includes mention of Hawaii as having to follow HB 448 would be cost prohibitive to many companies here in Hawaii.

When the State first passed the first version of the 10% law, it cost us more than \$40,000 to change cylinders so that our film/bags would be in compliance. A few years later, more changes were made that cost us an additional \$40,000 in cylinder costs. Requiring 51% of Kona in order to called a Blend will significantly increase the costs ultimately to the consumer and could possibly triple the Retail shelf price and cause the customer to "trade down" to cheaper or non-Kona coffees. Besides, if the current volume were to hold on units sold in Hawaii of 10% Kona Blend coffees, the farmers could not supply the demand needed.

20% and 30% Kona Blend coffees have already been tried by our competitors with no success because the Retail and Food Service consumers considered the pricing too high and were not willing to pay the pricing commanded. We have been manufacturing Blended and Pure Kona coffees for close to 23 years and would like to continue for another 123 years here in Hawaii and recommend that this Bill not pass.

From: Stephen Collector [mailto:stephen@collector.com]
Sent: Wednesday, February 11, 2009 8:18 PM
To: AGRtestimony
Subject: *****SPAM***** Opposed to HB 448

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Steve Collector, President of Tropical Temptations. I am a small candy manufacturer on the Big Island and only use Hawaiian Coffee and Hawaiian Macadamia nuts in my products. I am also Vice President of the Hawaii Coffee Association. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

Although I only use 100% Kona Coffee and 100% Hawaiian Macadamia Nuts, this bill would not allow me to say "Made in Hawaii" if I chose to. How many other small Hawaiian manufacturers like myself would this bill impact? This bill will likely have the opposite effect and may hurt Hawaiian Agricultural product manufacturers. To my knowledge, most Chocolate Covered Macadamia Candy manufacturers in Hawaii would not meet the requirements of this bill. How will this help protect the Macadamia Nut Industry here? That industry is already in enough trouble as it is.

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but

this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

Thank you for allowing my testimony.

Steve Collector
Tropical Temptations

Want to do more with Windows Live? Learn "10 hidden secrets" from Jamie. [Learn Now](#)

February 12, 2009

Representative Clift Tsuji, Chair
Representative Jessica Wooley, Vice-Chair
Committee on Agriculture

Friday, February 13, 2009; 8:30 a.m.
State Capitol, House Conference Room 312

RE: HB 448 - RELATING TO HAWAII PRODUCTS.

Chair Tsuji, Vice-Chair Wooley, and Members of the Committee:

My name is Brandon U. Davidson. I am an attorney with nearly a decade of experience in trademark and branding issues, and **I am testifying in opposition to HB 448**. I am concerned that HB 448 is unclear, impractical, and impossible to implement. I am also concerned that HB 448 will have a harmful effect on Hawai'i businesses.

The proposed amendments to subpart (a) of Section 486-119 of the Hawaii Revised Statutes threaten to invalidate a number of well-established product names. Any product name containing the word "Hawai'i", "Hawaiian", or any other Hawai'i-related geographic term arguably suggests that goods sold under the product name are made or grown in Hawai'i. As a result, the 51 percent requirement of subpart (a) could apply to such goods. In order to comply with subpart (a), businesses will be faced with abandoning their product name or incurring increased expenses to meet the 51 percent requirement. In this extremely challenging economic climate, neither option is practical.

There are also a number of problems with the proposed subpart (b) of Section 486-119. First, the initial half of subpart (b) is a fragment, failing to explain what happens to named agricultural products that fail to meet the 51 percent requirement. Second, it is unclear what constitutes a "named agricultural product". Does the 51 percent requirement apply if the agricultural product is referenced anywhere on the product packaging? Does the requirement only apply if the agricultural product is included in the name of the processed food product? For example, if a product is labeled as "Hawaii's Best Peanut Butter Cookies", does subpart (b) require that 51 percent of the peanut butter used in the cookie be from Hawai'i? Such a requirement is completely impractical.

In addition, through its use of the mandatory phrasing "shall place", the proposed subpart (d) of Section 486-119 would **require** businesses to adopt the labeling consisting of "made in Hawaii", "grown in Hawaii", and a hibiscus. I have difficulty imagining that the Legislature intends to make it mandatory, rather than optional, for businesses to use this labeling.

wooley1-Christopher

From: Jean Fike [mailto:jean@fike.com]
Sent: Wednesday, February 11, 2009 8:50 PM
To: AGRtestimony
Subject: HB448

As a small Kona coffee farmer who sells only 100% roasted Kona coffee I am opposed to HB448 as it will place my business at risk. It is my understanding that there are about 400000 pounds of unsold Kona coffee in storage on the mainland. This may not seem like a local (State) problem but any excess Kona inventory puts my business at risk. As I said in a previous note without the Kona coffee Blends the price of 100% Kona coffee would fall below the cost of production. Please do not vote to put my 16 years of effort at risk.

George F. Fike
Fike Farms of Hawaii
We sell only 100% roasted Kona Coffee

wooley1-Christopher

From: Tom Greenwell | m]
Sent: Thursday, February 12, 2009 10:34 AM
To: HouseInterpreter@capital.hawaii.gov
Cc: AGRtestimony
Subject: OPPOSED to HB 448

OPPOSED to HB 448
House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chairman Cliff Tsuji, and Committee Members

My name is Tom Greenwell, Vice President and General Manager of Greenwell Farms, Inc. Greenwell Farms is a family owned coffee business in Kona. We grow coffee on land originally farmed by my great grandparents. We also manage farms for other land owners in Kona and we purchase coffee from nearly 400 coffee farms in North and South Kona. We sell our Kona Coffee to the specialty coffee industry all across the USA, in Europe and Canada, and around the Pacific Rim.

Greenwell Farms is opposed to HB 448 for the following reasons:

If passed, HB 448 will jeopardize many established trademarks in Hawaii simply because they "imply" that they are made in Hawaii even though companies with those trade marks specifically do not use the "made in Hawaii" wording in their packaging and/or promotional material.

The coffee industry came together and pushed "Truth in Labeling" legislature in 2002 which we believe is an effective way of protecting Hawaiian Agriculture. Truth in labeling requires that the actual percentage of coffee from Hawaii be displayed prominently so that the consumer, not government, makes the choice about product blends. HB 448 will supersede the current "Truth in Labeling" statutes that we worked so hard to obtain.

It is our strong believe that legislation that expands the use of the "Truth in Labeling" initiative would better serve our industry. This could come in the form of Hawaii State assistance in developing Federal legislation requiring Truth in Labeling.

Kona Coffee and coffee from the other Hawaiian Islands have enjoyed a long period of high demand and rising market prices as demand for gourmet coffee has increased around the world. However, the cost of production of coffee in Hawaii is many times higher than in most of the other coffee producing areas in the world. In the best of times, we have to work diligently to sell the entire Kona crop each year. The current economic conditions around the world are impacting our markets dramatically. There are really no answers as to how much the economies around the world will ultimately be impacted by the current financial crisis. The coffee industry around the state will be facing incredible challenges over the next few years. Structural changes in the markets created by HB 448 will add to these challenges.

We strongly urge you to NOT pass HB 448.

Thank you for allowing us the opportunity to share our concerns on this matter.

OPPOSED TO HB 448

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chairman Cliff Tsuju - House Agriculture Committee

My name is David Gridley and I own a small wholesale roasting company on Maui and have worked with coffee farmers throughout the state for the last twenty years. I was a founding member of the Hawaii Coffee Association and the Maui Coffee Association and currently sit on their Boards.

House Bill HB 448 is directly aimed at undermining companies that are the biggest purchasers of Hawaiian Grown Coffee. Many of these companies blend Hawaiian coffees which allows us to sell **more** Hawaiian Coffee. Most of these companies also work to truthfully represent the amount of Hawaiian coffee in these blends.

I have been working for years on the development of coffee as a positive, viable agricultural product for our state. I have worked with industry and the Hawaii Dept of Agriculture to clean up the misrepresentation that occurs when some companies are deceptive in their labeling practices. We all came together to develop and pass the Truth in Labeling law which did alot to clean up misleading labeling.

We have come along way. Coffee is now the third largest Agricultural product in the state. We are selling all the coffee we can raise at record prices. We have enhanced the demand for coffee from all over Hawaii, as well as Kona. To change the minimum required in Hawaiian origin blends to 51% from 10% (probably tripling the price to the consumer) and make companies change their name and trademarks will have a devastating impact on the entire industry!!

Why would anyone want to undermine a positive growing industry in the face of difficult economic times? This is an attempt by a few contrary, disgruntled, vocal farmers in Kona that represent a fraction of the coffee produced in the state. Why are any of our legislators even considering it? Do they want to severely cripple one of the state's most positive growth industries?

PLEASE CONSIDER THIS AND STOP HB448 NOW!!!!!!

Sincerely
David Gridley
President
Maui Oma Coffee Roasting Co.

From: [redacted]
Sent: Wednesday, February 11, 2009 3:16 PM
To: AGRtestimony
Subject: Testimony Needed On HB 448

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is John King, President of Harold L. King & Co., Inc. in Redwood City, California. We have been in the coffee business for over 50 years with much of that business done with both roasters and farmers in the state of Hawaii. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

wooley1-Christopher

From: Jim Lenhart [
Sent: Wednesday, February 11, 2009 2:39 PM
To: AGRtestimony
Subject: Testimony In opposition On HB 448

AGRtestimony@capitol.hawaii.gov

Fax: 586-8544

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Jim Lenhart, Vice President of Hawaii Coffee Company/ Sales & Service . Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf

price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

From: Rod McKenzie |
Sent: Wednesday, February 11, 2009 7:47 PM
To: AGRtestimony
Subject: HB 448

HB 448

RELATING TO HAWAII PRODUCTS.

Opposed to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Rod McKenzie, owner of Tropical Taste, Mainland Distributor of Lion Coffee
Thank you for allowing me to testify in **OPPOSITION** to HB 448.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

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If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

From: Ron Pestel [i]
Sent: Wednesday, February 11, 2009 4:26 PM
To: AGRtestimony
Subject: HB 448 OPPOSED

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am

Place: House Conference Room 312

Chair Tsuji and committee members my name is Ron Pestel, President of HI-PAC LTD.. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

HI-PAC LTD. would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii

Coffee industry, their employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

Respectfully,

Ron Pestel

From: Gene Pike |
Sent: Wednesday, February 11, 2009 3:14 PM
To: AGRtestimony
Subject: Testimony in OPPOSITION to HB 448

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am

Place: House Conference Room 312

Chair Tsuji and committee members my name is Gene Pike, Sales Manager, CDS San Diego. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer whether in

Hawaii or here on the Mainland. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers in Hawaii and even more for consumers here on the Mainland. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy in Hawaii and the rest of the U.S. bad enough already?

HB 448

HB 448 Amends "Made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

My name is **David Plaskett**. I am the founder of Hawaiian Islands Tea Company. I am a Tea Industry Private Consultant and a Board Member of the Hawaii Tea Society.

This testimony is in **OPPOSITION to HB 448**. My points:

Part (a) of the Bill – I am very concerned about the inclusion of the language "*including brand and product name*" in part (a) of the proposed bill and it would have unintended and dire consequences for legitimate Hawaii companies with branded and trademarked names such as Hawaiian Islands Tea Company. I believe this language should be deleted from this Bill.

Hawaiian Islands Tea Company products are created and manufactured in Honolulu. The brand has a Federal trademark. I believe current legislation is sufficient and provides adequate protections.

A case in point: Hawaiian Islands Tea Company products meet the existing "Made in Hawaii" requirements under current legislation. However, the agricultural product, i.e., **Tea**, needed for the finished tea products are not commercially available from the Hawaii Agricultural sector at this time and must be acquired outside Hawaii. The language in the current Bill would place a content percentage requirement on Hawaiian Islands Tea Company that could not be met by the Hawaii Tea Industry. A consequence of the Bill, if enacted into law, would be force Hawaiian Islands Tea Company Products to be discontinued. This would result in the loss of Hawaii jobs and revenues.

Part (b) of the Bill -- This pertains to 'Truth in Labeling' issues and would more appropriately be addressed in HRS 486-120, not in the current Bill's proposed amendment of HRS 486-119.

HRS 486-120 already establishes precedence by addressing labeling requirements for specific Hawaii agricultural products:

- Island fresh milk (HRS 486-120),
- Macadamia Nuts; labeling requirements (HRS 486-120.5)
- Hawaii-grown roasted or instant coffee; labeling requirements (HRS 486-120.6)

I believe HRS 486-120, et. al, is the more appropriate place in legislation to address agriculture sector specific labeling issues. The current bill attempts to paint with too broad a brush with labeling restrictions that are too industry wide, and that may have broader unintended consequences.

Thank you for your time.

From: David Sayad [
Sent: Thursday, February 12, 2009 3:18 PM
To: AGRtestimony
Subject: HB 448

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am

Place: House Conference Room 312

Chair Tsuji and committee members my name is David Sayad, of the Socopac Company. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Socopac Co. would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this: raising the blend from 10% to 51% represents an increase of 400% in the Kona coffee content of the blend. Kona costs ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and **in particular the small coffee farmer**. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

wooley1-Christopher

From: Bob Taylor [mailto:btaylor@mauidivers.com]
Sent: Thursday, February 12, 2009 11:38 AM
To: AGRtestimony
Subject: Opposition to HB 448

To: Chairman Cliff Tsuji, House Agriculture Committee

From: Robert M. Taylor, CEO
Maui Divers of Hawaii

I am testifying in opposition of HB 448. I feel that this bill is unnecessary and will really damage the Hawaii Coffee Industry. The current regulations insure that customers know the percentage of Kona coffee that is included in the coffee blend. If the minimum blend was increased to 51%, Kona coffee prices would double resulting in a huge decrease in sales and jobs for farmers, wholesalers, and retailers involved in the coffee industry. This should be the last thing that we would want to do in this economy.

Bob Taylor
President & CEO
Maui Divers of Hawaii, Ltd.
1520 Liona Street
Honolulu, Hawaii - 96814
Phone: (808) 943-8304
Fax: (808) 946-8460
Cell: (808) 348-2543

Hawaiian Host, Inc.
500 Alakawa Street
Honolulu, Hawaii 96817
Ph: (808) 842-7300 Fax: (808) 848-0055

Facsimile Message

HB 448: Amends "made in Hawaii" rules to include "grown in Hawaii" and creates labeling requirements.

OPPOSED TO HB 448

Chairman Cliff Tsuji
House Agriculture Committee
Hearing date: Friday, February 13, 2009, at 830 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Dennis Teranishi, CEO of Hawaiian Host Chocolates. Thank you for this opportunity to submit testimony in **Opposition to HB 448.**

HB 448 is of concern because it causes confusion as to the definition of "Made in Hawaii". There are existing laws and regulations that adequately address labeling requirements. We already have too many laws and regulations to deal with in Hawaii, and adding even more adds to our costs in this highly competitive global market.

Also, since almost 100% of Hawaiian macadamias are grown on the Island of Hawaii, we are concerned that a windstorm or hurricane could severely damage orchards like the way it did on Kauai over 20 years ago. That hurricane caused the closure of a new macadamia farm that was being started by A&B. To replace a damaged orchard will take a minimum of eight years since it takes eight years before a macadamia tree starts to produce adequate volumes of nuts. In the meantime, we will need to find foreign sources to make up for any shortage caused by a major storm. Even if we were able to find foreign kernel, we would not be able to use it since it would be in violation of HB 448, and all of our employees would lose their employment since we would be forced to close our business. Furthermore, there would be no opportunity for the local macadamia farming industry to recover since there would be no processors to buy their nuts.

We are the largest producer of chocolate covered macadamias and we sell them in 21 countries. We are a private, locally owned company with headquarters in Hawaii. We buy macadamia nuts from over 200 farmers, most who farm 5 – 20 acres, on the Big Island of Hawaii, and husk/crack the nuts at processing facilities in Kona and Hilo. We also buy kernels from other processors in Hawaii. We just doubled our macadamia drying capacity at our Kona processing facility, to allow us to purchase even more from local farmers to meet our growing demand in international markets like China.

The information above is presented to show you that we support our local macadamia growers, many who have been supplying us for over 30 years, and we are expanding our processing capacity to buy even more local grown products.

From: Jim Wayman [
Sent: Wednesday, February 11, 2009 3:59 PM
To: AGRtestimony
Subject: Opposed to HB 448
Attachments: oledata.mso

Hawaii Coffee Association



HB 448

Amends "made in Hawaii" Labeling Requirements

Opposed to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Jim Wayman, President of the Hawaii Coffee Association. Thank you for allowing me to testify in **OPPOSITION to HB 448**.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

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ten times as much as the rest of the blend so a 400% increase in the Kona coffee causes a doubling of the cost of a bag of coffee which in turn doubles the price to the consumer. Most of the restaurants and hotels in Hawaii serve 10% coffee blends. Passage of this bill will drive them away from Hawaiian coffee products. It will also double the shelf price of a bag of Hawaii's favorite coffees to consumers. If this bill passes it will cause great damage to the Hawaii Coffee industry, our employees, customers, vendors, the consumers and in particular the small coffee farmer. The domino effect will hurt many in Hawaii. Isn't the economy bad enough already!

Jim Wayman
Hawaii Coffee Association
1555 Kalani St.
Honolulu, HI 96817
808 847-3600

wooley1-Christopher

From: [REDACTED]
Sent: Wednesday, February 11, 2009 3:27 PM
To: AGRtestimony
Subject: OPPOSED to HB 448

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Larry Wilkens, owner of the first mainland Hawaii's Lion Coffee Cafe. Thank you for allowing me to testify in OPPOSITION to HB 448.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

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wooley1-Christopher

From: Donna Woolley
Sent: Wednesday, February 11, 2009 10:53 PM
To: AGRtestimony
Cc: Randy Bohannon; Roger Kaiwi; Dave & Trudy Bateman; Grace; Rsfoerster@aol.com; Tommy Greenwell; Gloria Biven; Gary Strawn; Fred Cowell; Steve Collector; Jean & George Fike; Jim Wayman
Subject: HB 448

Aloha,

My name is Donna Woolley, owner of Island Sun Coffee. As a Kona Coffee Farmer let me ask you on question. Do the supporters of this bill earn more than 51% of their income from the sales of Kona Coffee, or do they have a submittal income greater than 51% of their Kona Coffee Sales. I do not have a submittal income greater than 51% of the sales of my Kona Coffee. **If this bill passes your would put me out of business.**

How many companies, businesses or farmers fall into this category?

I can not support this bill. What are you thinking? Do you realize the consequences if this is passed? Denny Coffman is my representative but he clearly does not represent me or the working farmer.

Mahalo.

Donna Woolley

February 11, 2009

Representative Jessica Wooley
Vice Chair, Agriculture Committee
Room 327
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Representative Wooley,

I am Steve Yeaton, and I reside in Kailua-Kona, on the Big Island. I am writing in regard to HB 448 and HB 931, both of which I oppose...both as a consumer and as a person working in the Kona coffee industry (at one of the coffee processing mills here.) As I understand it, HB 448 will ban the use of any trademark which implies Hawaii unless the product is comprised of 51% Hawaiian product. This will render useless hundreds of current Hawaiian trademarks, with what I would think would be catastrophic consequences to many businesses statewide. That alone seems very unwise given the economic conditions now confronting us all. HB 931 would require a minimum of 51% Kona coffee in any blended product sold, with the effect of disallowing the current 10% blend. I should imagine that a significant portion of Kona coffee sales, especially here in the islands, is thru the 10% blend product, though I don't have any specific figures. Nonetheless, it seems obvious to me that the consumer has determined that they like this product, and probably in major part because of the price. I am deeply concerned that if we disallow the 10% and replace it with an obviously more costly 51% product, the price will be so high as to have a devastating impact on the sales of Kona coffee. This will be ruinous to the farmers here in Kona and to everyone involved in the business...including retailers, roasters, restaurants, hotels, and most especially consumers. Our economy is in such desperate straits now that we should do everything possible to protect our citizens here in Hawaii from further economic dislocation.

In further support of my position on these issues, I have enclosed a collection of petitions for your review. Starting in late October, here at the coffee mill in Kona where I work, I had offered my farmers the opportunity to sign a petition expressing opposition to any

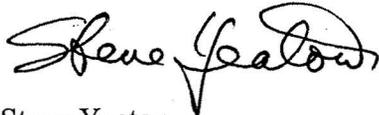
February 11, 2009

Representative Clift Tsuji
Chair, Agriculture Committee
Room 402
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Representative Tsuji,

I am Steve Yeaton, and I reside in Kailua-Kona, on the Big Island. Some days ago, I emailed you expressing my opposition to HB#s 448 and 931. I then recalled that starting in late October, here at the coffee mill in Kona where I work, I had offered my farmers the opportunity to sign a petition expressing opposition to any changes in the current labeling and blend content laws. I am now enclosing copies of all those petitions (about 90, I think), in hope that it might give you a clearer impression of where many of the Kona coffee farmers stand on these important issues.

Thanks very much for your efforts in this matter and for your good work in general.
With best wishes and Aloha,



Steve Yeaton
POB 484
Kealahou, HI 96750
Email: _____
Cell Phone: 808-

wooley1-Christopher

From:
Sent: Wednesday, February 11, 2009 3:27 PM
To: AGRtestimony
Subject: OPPOSED to HB 448

HB 448

HB 448 Amends "made in Hawaii" Labeling Requirements

OPPOSED to HB 448

Chairman Cliff Tsuji

House Agriculture Committee

Hearing Date: Friday February 13, 2009 at 8:30 am
Place: House Conference Room 312

Chair Tsuji and committee members my name is Larry Wilkens, owner of the first mainland Hawaii's Lion Coffee Cafe. Thank you for allowing me to testify in OPPOSITION to HB 448.

HB 448 Changes the requirements for "Made In Hawaii" labeling to unrealistic standards and would now ban the use of any trademark on a product if it implies "Hawaii" or any Ag product "from Hawaii" (i.e. Royal Kona Coffee) and will force that product to fall under the "Made in Hawaii" provisions of HB 448 instead of current "Truth in Labeling" statutes for Hawaiian coffee. Hundreds of legal trademarks will be invalidated from use on products that do not contain 51% of raw material made or grown in Hawaii. The current Made in Hawaii law is a good law and was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their package. This amendment forces companies who do not say "Made in Hawaii" to fall under "Made in Hawaii" just because their trademark implies "Hawaii".

The Hawaii Coffee Association would like to see "Made in Hawaii" standards increased to protect Hawaiian products that are not already covered by "Truth in Labeling" as is Hawaiian coffee but products that do not say, "Made in Hawaii" should not fall under made in Hawaii statutes.

In 1992 the coffee industry in Hawaii sponsored "Truth in Labeling" legislation that passed and protects consumers by requiring coffee companies to place the percentage of Hawaiian coffee used in the bag immediately next to the Hawaiian coffee regional name i.e. 10% Kona Blend. The % number has to be the same size type as the coffee name and at least 3/16 of an inch high. The industry believes that an informed consumer will vote with their wallet and make the purchase that best suits their needs. We encourage consumers to buy 100% Kona but if you only want to pay for 10% Kona then that should be your right. We believe that an informed consumer is a protected consumer. If other agricultural products in Hawaii had taken this step they would be more prosperous today as is Hawaiian coffee.

If passed HB 448 would supersede current "Truth in Labeling" statutes for coffee and increase the blend requirement in Hawaiian coffee from 10% to 51% to be able to use any of the Hawaiian coffee names i.e. (10% Kona Coffee Blend)but this would only be the case for companies which because of their trademark fall under "Made in Hawaii". Consider this:

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Chair Tsuji and committee members: My name is Steve Yeaton; I reside in Kailua-Kona, on the Big Island, and I work at a coffee processing mill in Kona. Thank you for allowing me to offer in writing my testimony in **OPPOSITION to HB 448**.

As I understand it, HB 448 will ban the use of any trademark which implies Hawaii unless the product is comprised of 51% Hawaiian origin product. I assume this will render a great many...probably hundreds...of current Hawaiian trademarks useless, with what I would think would be catastrophic consequences to many businesses statewide. Because I work in the Kona Coffee industry, I of course am particularly concerned with the impact passage of this bill would have on the current blend requirement for Hawaiian coffee. Specifically, it obviously would require a minimum of 51% of Kona coffee in any blended product sold, with the effect of disallowing the current 10% blend. I should imagine that a significant portion of Kona coffee sales, especially here in the islands, is thru the 10% blend product, though I don't have any specific figures. Nonetheless, it seems obvious to me that the consumer has determined that they like this product, and probably in major part because of the price. I am deeply concerned that if we disallow the 10% and replace it with a more costly 51% product, the price will be so high as to have a devastating impact on the sales of Kona coffee. This would be ruinous to the farmers here in Kona and to everyone involved in this business...including retailers, roasters, restaurants, hotels, and most especially consumers. Our economy is in such desperate straits now that we should do everything possible to protect our citizens here in Hawaii from further economic dislocation.

Thank you for your consideration.

Steve Yeaton

POB 484

Kealahou, HI 96750

The following persons submitted a signed copy of the following letter in opposition to HB 448:

1	George	Gomes	43	Annie	Fujimori
2	Itsuyo	Yamane	44	Yvonne	Sanchis
3	Milton	Fukumitsu	45	Lorna	Matsuoka
4	Christopher	Awa	46	Shirley	Medeiros
5	Mitsuo	Shito	47	Ken	Joesty
6	Sandra	Yoshioka	48	Chad	Matsuoka
7	Marlene	Akeo	49	Emilia	Transfiguracion
8	Paula	Walashek	50	Robert	Kamigaki
9	Itsuko	Yamano	51	Wesley	Kirihara
10	Helen	Lindsay	52	Lyndon	Talanoa
11	Bowen	Galieta	53	Tilthon	Sugi
12	William	Haalilio	54	Shikini	Hayama
13	Jim	Medeiros, Jr.	55	Reuben	Rubio, Sr.
14	Derrick	Sugi	56	Mikio	Izu
15	Lavainia	Puou	57	Roy	Santana
16	Damien	Kenison, Sr.	58	Darcy	Young
17	Sara	Moore	59	David	Macdonald
18	Haruo	Teshima	60	Thomas	Hing, Jr.
19	Minnie	Teshima	61	Rudy	Yadao
20	Pamela	Sanchis	62	Lorieann	Haalilio
21	Andrew	Louis	63	Anna	Calldell
22	Cathy	Shiroma	64	Walter	Sugi
23	Koa	Hing	65	Patricia	Keawe
24	Gary	Higashi	66	George	Sugi
25	Gordon	Grace	67	Miguel	Meza
26	R.G.	Jones	68	Yasunori	DeGuchi
27	Richard	Tanaka	69	James	Tashima
28	Calvin	Kadooka	70	Lucy	Auyagi
29	Stanley	Tomono	71	Lemmel	Mangayan
30	Yasuo	Honda	72	Jack	Pruitt
31	Makiko	Alspach	73	Winfred	Serion
32	Clayton	Yoshioka	74	Lorenzo	Rucong
33	Valerie	Winkler	75	Wella	Delo Santos
34	Ken	Uemura	76	William	Puou, Jr.
35	Sandra	Uemura	77	Walter	Dagerais
36	Noe	Freitas	78	Alberto	Rucong
37	Mary Ann	Pai	79	Mae	Smith
38	Jeffrey	Bailado	80	Rogelio	Bernal
39	Patricia	Mahi	81	Joseph	Doria, Jr.
40	Aaron	Puou	82	Derek	Young
41	Moses	Paiva, Sr.	83	Greg	Alcain
42	Oliver	Tokumura	84	Geno	Pabre

The following persons submitted a signed copy of the following letter in opposition to HB 448:

85	Marvin	Medeira
86	Dayle	Sato
87	Robert	Mattingly
88	Wilfred	Ah Tou, Sr.
89	Marggret	Bahiaga
90	Constatino	Mercado
91	Todd	Brown
92	Itsuyo	Yamane
93	Mitsuo	Shito
94	Brian	Inaba
95	Derek	Inaba
96	Claude	Orizuka
97	Makoto	Ota

OPPOSED TO HB931/ HB448

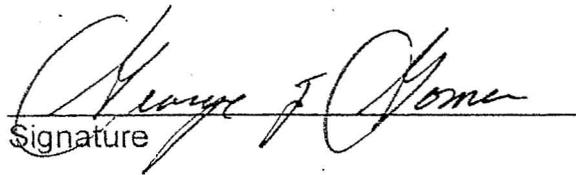
Petition Regarding Proposed Changes to Hawaii's Coffee Blending Laws

As a farmer of Kona Coffee I am opposed to any change to Hawaii's current coffee blending and coffee truth in labeling laws that currently require 10% Kona minimum content required for Kona Coffee Blends.

I am also opposed to any new legislation that would ban the importation of green coffee blending beans into the state of Hawaii.

The laws currently in place are working to our satisfaction as the industry is healthy allowing us to sell our entire crop each and every year. Any change to the current laws without a thorough economic impact study on the possible effects of these changes would pose a significant risk to our livelihood.

George J. Gomes
Printed Name


Signature

11-20-2008
Date

The following persons submitted a signed copy of the following letter in opposition to HB 448:

1	Jane	Cabilin		Renee-	
2	Joni-May	Balancio	43	Mae	Ota
3	John	Kiaha	44	Ray	Inouye
4	Sunao	Taketa	45	Maxima	Salvador
5	Robert	Fujino	46	Ernest	Urada
6	Harry	Hasegawa	47	Harriet	Ackerman
7	Theresa	Mahi	48	Shizuo	Ikeda
8	Herbert	Okano	49	Karen	Hasegawa
9	Mitsuo	Oura	50	Roger	Kaiwi
10	Bruce	Miyata	51	Michael	Tagavilla
11	Virginia	Rapoza	52	Jesse	Kaiwi-Machun
12	Philip	Rosenberg	53	Robert	Fujino
13	Masayuki	Nagatoshi	54	Charles	Okino
14	Bill	Koepke	55	Sadayuki	Inouye
15	Beatrice	Torres	56	Murray	Taylor
16	Joyce	St. Arnault	57	Robert	De Bauer
17	Kelly	Deguchi	58	Paul	Tebbeman
18	Nolan	Sugai	59	Kenneth	Honma
19	Harvey	Delaries	60	Stanley	Tokunaga
20	Steven	Laukaitis	61	Ramona	Ciriaco
21	Michitoshi	Murakami	62	Steven	McLaughlin
22	Walter	Bobb			
23	Primo	Transfiguracion			
24	George	Gouveia			
25	Anna	Kaku			
26	Barbara	Watanabe			
27	Albert	Bio			
28	Dennis	Derbonne			
29	Helen	Puou			
30	Melvin	Kunitake			
31	Karen	Higa			
32	Marian	Higa			
33	Grace	Miyata			
34	Eileen	Higa			
35	Patricia	Haleamau			
36	Clinton	Ikeda			
37	Bill	Koepke			
38	Richard	Wicklander, Jr.			
39	Melvin	Nakamura			
40	Richard	Wicklander, Sr.			
41	Ronald	Wicklander			
42	Danny	Arase			

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The laws currently in place are working to our satisfaction as the industry is healthy allowing us to sell our entire crop each and every year. Any change to the current laws without a thorough economic impact study on the possible effects of these changes would pose a significant risk to our livelihood.

Jane Cabilin
Printed Name

Jane Cabilin
Signature

1-4-09
Date