

Honolulu, Hawaii

FEB 29 , 2024

RE: H.B. No. 2298
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2298 entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

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

- (1) Making it a violation to use a geographic origin in labeling or advertising for blends of roasted coffee, instant coffee, or ready-to-drink coffee beverages that contain less than a certain percentage of coffee by weight from that geographic origin, phased in to a minimum of one hundred percent by July 1, 2027; and
- (2) Authorizing retailers who, by June 30, 2024, purchase roasted coffee, instant coffee, or ready-to-drink coffee beverage blends that do not meet the new minimum labeling requirements to sell their coffee inventory that does not comply with those labeling requirements until December 31, 2024.

Your Committee received testimony in support of this measure from the Department of Agriculture; one member of the Hawai'i County Council; Pohaku Coffee, LLC; Sanctuary of Mana Ke'a Gardens;



Rancho Aloha Coffee Farm; Kona Earth; LaveRock Farm; Kona Coffee Farmers Association; Greenwell Farms Inc.; Kanalani Ohana Farm; Huahua Farm; Hawaii Coffee Association; Ka'u Coffee Growers Cooperative; Absolute Palate, LLC; Hawai'i Farm Bureau; 'Āina Design Corp.; Pohaku Farm; Synergistic Hawai'i Agriculture Council; Cyanotech Corporation; Bea's Knees Farm; Kona-Kohala Chamber of Commerce; Pacific Coffee Research; Edmund C Olson Trust No. 2; Ka'u Coffee Mill; Paradise Found Hawaii Estate Coffee Farm; Domain Kona; 'Apapane Coffee Farm; and numerous individuals. Your Committee received testimony in opposition to this measure from the Hawaii Teamsters & Allied Workers, Local 996; Kona Coffee Council; Kaiwi Farms; Hawaii Coffee Company; Makapueo Farms; Retail Merchants of Hawaii; Aloha Hills Kona Coffee, LLC; Hawaii Coffee Company; Dealer Store Hawaii; Mulvadi Corporation; and numerous individuals. Your Committee received comments on this measure from Maui Oma Coffee Roasting Co.; Hawaii Food Industry Association; and one individual.

Your Committee finds that coffee is an important agricultural crop of the State and a highly valued commodity in Hawaii. Your Committee further finds that the State's coffee labeling law authorizes the use of geographic regions in Hawaii on certain coffee products, even if only ten percent of the coffee in a blended coffee product actually originates in Hawaii. Blended coffees do not always provide the consumer with the proper taste profile and may mislead the consumer about a region's specific flavor qualities. Blended coffees can also depress the price of one hundred percent Hawaii-grown coffees.

Your Committee notes that other jurisdictions require that one hundred percent of the coffee must originate in the geographic area to protect the value, integrity, and reputation of that product and its associated geographic origin name. This measure provides a mechanism by which the State's coffee industry can ensure the authenticity of its products and the consumer can rely upon the veracity of labels and advertising identifying the origin of coffee found in roasted coffee, instant coffee, or ready-to-drink coffee beverage blends.

Your Committee has amended this measure by:

- (1) Amending the timeline that makes it a violation to use a geographic origin in labeling or advertising of roasted



coffee, instant coffee, and ready-to-drink coffee beverages if:

- (A) Beginning July 1, 2027, less than twenty percent coffee by weight is from that geographic origin;
 - (B) Beginning July 1, 2030, less than twenty-five percent coffee by weight is from that geographic origin; and
 - (C) Beginning July 1, 2033, less than fifty percent coffee by weight is from that geographic origin;
- (2) Requiring wholesalers to sell off their inventory of roasted coffee, instant coffee, or ready-to-drink coffee beverages in anticipation of the phased-in labeling requirements taking effect;
 - (3) Deleting language allowing retailers to sell their coffee inventory that does not meet the phased-in labeling requirements;
 - (4) Exempting retailers that do not package roasted coffee, instant coffee, or ready-to-drink coffee beverages from liability for the sale of roasted coffee, instant coffee, or ready-to-drink coffee beverages that use a label or advertisement in violation of the coffee labeling law;
 - (5) Changing the effective date to July 1, 3000, to encourage further discussion; and
 - (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2298, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2298, H.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,


MARK M. NAKASHIMA, Chair



