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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Thursday, April 4, 2019
2:05 PM
State Capitol, Conference Room 308

In consideration of
SB 763, SD2, HD1
RELATING TO ADVERTISING AND MARKETING.

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) offers comments on SB 763, SD2, HD1, which requires DBEDT, in consultation with the Department of Agriculture, to conduct a study calculating the economic impact and gross domestic product lost by the State as a result of companies using the Hawaii brand and selling products in the United States with place-based marketing without any material ties to the State.

While DBEDT supports the intent of this bill, the data required for this study does not exist including the number of companies impacted, their location, revenue, ownership, employment, type of marketing, and the origin and content of products associated with the Hawaii brand. Collecting this data would be necessary in order to estimate the impact to the State's economy. In order to collect the data, \$250,000 would be needed to hire a research firm to conduct surveys to obtain the required data.

Thank you for the opportunity to testify.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

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Deputy to the Chairperson

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**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON FINANCE

**APRIL 4, 2019
2:05 P.M.
CONFERENCE ROOM 308**

**SENATE BILL NO. 763 SD2 HD1
RELATING TO ADVERTISING AND MARKETING**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 763 SD2 HD1. This bill requires the department of business, economic development, and tourism in consultation with the department of agriculture, to conduct a study to assess the impacts of companies selling products in the United States using place-based marketing without any material ties to the State. The Department supports this bill provided it does not impact the department's priorities listed in the Executive Budget and offers a comment.

The Department administers two programs that identify products with material ties to the State. The "Seal of Quality" program brands Hawaii-grown and Hawaii-made products, and the "Made in Hawaii with Aloha" logo identifies Hawaii-made products, respectively, Chapters 148-61 and 486-119, Hawaii Revised Statutes. This study would support the relevance of those programs to Hawaii's economy and our agricultural products.

The need for the study is further evidenced by recent legal action taken with Pinnacle Foods, Inc, a Delaware corporation for labeling their product line of potato



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chips as “Hawaiian” because the chips are made in Washington with little to no ingredients from Hawaii. The study would quantify the impact of this type of labeling and advertising.

Thank you for the opportunity to testify on this measure.