



## 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 CONSUMER PROTECTION & COMMERCE

Wednesday, March 24, 2021  
2:00 PM  
Conference Room 329

In consideration of  
**SB263, SD2**  
**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Johanson, Vice Chair Kitagawa and members of the Committees.

The Department of Business, Economic Development and Tourism offers comments on SB263, SD2, that transfers oversight of the Made-in-Hawaii program as it relates to non-agricultural products to the Department of Business, Economic Development, and Tourism (DBEDT) from the Department of Agriculture (DOA).

- DBEDT works closely with the DOA to ensure compliance with the statute regarding “made in Hawaii” products. However, the regulatory aspects of the bill would be better served by remaining with DOA.
- DOA has been assigned HRS486-119 for several years and it may be confusing to the general public to have two departments in charge of the designation.
- The tag line “Made in Hawaii with Aloha” was created and trademarked by DOA. DBEDT works with DOA in its use to brand Hawaii made products.
- The DOA does not have any budget for operations, promotion or enforcement of the “Made in Hawaii with Aloha.” To ensure an operable “made in Hawaii” program, funding in the amount of \$150,000 would be required in each year of the biennium.

Thank you for the opportunity to testify.

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**PHYLLIS SHIMABUKURO-GEISER**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

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

**BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

**MARCH 24, 2021  
2:00 P.M.  
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 263 SD2  
RELATING TO ECONOMIC DEVELOPMENT**

Chairperson Johanson and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 263 SD2. This bill, as described, would:

- Transfer oversight of the "Made-in-Hawaii" program as it relates to manufactured products to the Department of Business, Economic Development, and Tourism ("DBEDT");
- Place the "Grown in Hawaii with Aloha" program under the management of the Department of Agriculture ("Department");
- Transfer ownership of the "Made in Hawaii with Aloha Trademark" from the Department to DBEDT; and;
- Appropriate funds for DBEDT.

The Department has concerns regarding this measure and offers comments.

The Department is concerned about the reference on Page 3 lines 8 – 11 to a product that has had at least 60% of its inputs grown by a certified grown in Hawaii with aloha raw product. The language refers to a product that is grown by or with inputs from another product grown within the state. Subject to the input percentage requirement being met, this language would qualify products wholly grown outside of the state, with inputs such as fertilizer, seeds, or other agricultural products grown or produced in Hawaii. The Department believes this may be a drafting error and the Department respectfully requests that this language be clarified or



deleted. The referenced section also does not define the terms “certified grown in Hawaii with aloha raw product” and “inputs.” Without further clarification or guidance, the Department is uncertain how this program will be implemented.

The Department has additional concerns that the proposed “Grown in Hawaii Program” in this measure may impact and overlap with its existing Seal of Quality branding program, established pursuant to HAR §4-135, which promotes products that are Hawaii-grown and identifies genuine Hawaii products. The Department owns the “Grown in Hawaii with Aloha” logo and Trademark to prevent another entity from claiming ownership and misusing the brand in promoting or profiting from products not grown in Hawaii. Currently, however, the Department does not operate a branding program using this trademark.

The bill contemplates a branding program to ensure compliance with the branding requirements. Any company can create a logo or use the wording “Made in Hawaii” or “Produced in Hawaii” or “Processed in Hawaii” to identify their product, provided it meets the conditions set forth in the statute. Any entity, including DBEDT, can run a branding campaign promoting use of the trademark with no change to the current law. Doing so does not require oversight from or a License Agreement with the Department, however, enforcing compliance will likely require additional departmental resources.

If the Legislature intends to move this measure forward, the Department respectfully suggests the deletion of Section II in its entirety due to both its lack of clarity and its overlap with the Department’s Seal of Quality branding program. Furthermore, the Department recommends transferring enforcement of the Made in Hawaii program, together with oversight of the License Agreements and the Trademark “Made in Hawaii with Aloha,” from the Department to the DBEDT to properly align the responsibilities for oversight and ownership of the trademarks wholly within the same agency. If the Legislature intends to retain Section II of the measure, the Department respectfully requests clarification and definition of terms associated with the proposed “Grown in Hawaii with Aloha” program to include the three components of product cost which are direct material cost, direct labor cost, manufacturing overhead cost in addition to wholesale value.

The Department defers to DBEDT on the bill's impacts on its operations. The Department also notes that it works closely with the High Technology Development Corporation to promote Hawaii made products.

Thank you for the opportunity to testify on this measure.



**Testimony to House Committee on Consumer Protection & Commerce  
Wednesday, March 24, 2021 at 2:00 P.M.  
Written Testimony**

**RE: SB 263, SD2, RELATING TO ECONOMIC DEVELOPMENT**

Chair Johanson, Vice-Chair Kitagawa, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 263, SD2, which transfers oversight of the "Made in Hawaii" program as it relates to manufactured products to the Department of Business, Economic Development, and Tourism; places the "Grown in Hawaii with Aloha" program under the management of the Department of Agriculture; and transfers ownership of the "Made in Hawaii with Aloha" trademark from the Department of Agriculture to the Department of Business, Economic Development, and Tourism.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

As the exclusive state affiliate for the National Association of Manufacturers, the Chamber of Commerce Hawaii and INNOVATE Hawaii continue to lead a Manufacturing in Hawaii initiative to increase and diversify the manufacturing industry in Hawaii and promote the importance of this growing industry to our state.

To compliment manufacturing and other industries, the Made in Hawaii with Aloha (MIHA) branding collaborative helps to protect the integrity and value of authentic Hawaii branded products and to identify those products made in Hawaii from products made elsewhere yet called Made in Hawaii.

The Chamber will continue to support and be a voice to advance the MIHA program for our small business manufactures but defer to the appropriate agencies on the appropriate execution of this realignment strategy.

Thank you for this opportunity to provide testimony.



Written Statement of  
**Len Higashi**  
Acting Executive Director  
Hawaii Technology Development Corporation  
before the  
**Committee On Consumer Protection & Commerce**  
Wednesday, March 24, 2021  
2:00 p.m.  
Videoconference

In consideration of  
**SB263, SD2**  
**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Johanson, Vice Chair Kitagawa, and Members of the Committees.

The Hawaii Technology Development Corporation (HTDC) **supports the intent** of SB263, SD2 that transfers oversight of the "Made in Hawaii" program as it relates to manufactured products to the department of business, economic development, and tourism; places the "Grown in Hawaii with Aloha" program under the management of the department of agriculture; transfers ownership of the "Made in Hawaii with Aloha" trademark from the department of agriculture to the department of business, economic development, and tourism; and appropriates funds to the department of business, economic development, and tourism.

HTDC works closely with DBEDT Business Development Support Division and the Department of Agriculture and looks forward to working together to promote "Made in Hawai'i". HTDC defers to the department on the most efficient way to implement the program. HTDC also requests clarification on the 51% intellectual property cited in the bill. HTDC defers to the department on the Grown in Hawai'i program.

HTDC looks forward to working with all stakeholders in moving forward local manufacturing. HTDC supports this bill provided it does not supplant the priorities in the Administration's budget. Thank you for the opportunity to offer these comments.