



# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

CHUNG I. CHANG  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT  
and  
HOUSE COMMITTEE ON AGRICULTURE**

Wednesday, March 17, 2021  
11:30 AM

Conference Room 325 & 312

In consideration of

**SB263, SD2**

**RELATING TO ECONOMIC DEVELOPMENT.**

Chairs Quinlan and Hashem, Vice Chairs Holt and Perruso, 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

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

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

**BEFORE THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT  
AND AGRICULTURE**

**MARCH 17, 2021  
11:30 A.M.  
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 263 SD1  
RELATING TO ECONOMIC DEVELOPMENT**

Chairpersons Quinlan, Hashem, and Members of the Committees:

Thank you for the opportunity to present testimony on Senate Bill 263. 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;
- Place the "Grown in Hawaii with Aloha" program under the management of the department of agriculture;
- Transfer ownership of the "Made in Hawaii with Aloha Trademark" from the department of agriculture to the department of economic development and tourism; and;
- Appropriate funds the department of business, economic development, and tourism.

The Department of Agriculture ("Department") has concerns on this measure and offers comments.

The Department is concerned about the alteration of the formula by which a business may be authorized to use the trademark. As currently written, the formula considers only wholesale value; there is no provision to include the cost of ingredients or profit margin into account. Raising the percentage to 60% of wholesale cost could add difficulty to quality.



However, the language in this section is unclear. Page 3 lines 4 - 11 appear to contemplate a product that is grown by a certified grown in Hawaii with aloha raw product. There are additional undefined terms, including "inputs" which prevent the Department from carrying out the intent of this section, which is also somewhat unclear. The Department suggests that, if this measure is to move forward, that "inputs" be defined 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 has additional concerns that the proposed "Grown in Hawaii Program" in this measure may impact and overlap with its Seal of Quality branding program, established by 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 but does not operate any branding programs using this trademark.

Further, the bill appears to confuse the Department's ownership of trademarks with programs, and the resultant statutory language may have unintended effects. 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. Doing so does not require oversight from or a License Agreement with the Department.

If the Legislature intends to move this measure forward, the Department suggests transferring enforcement of the Made in Hawaii program from the Department to the department of economic development and tourism to align with the oversight and ownership of the trademark. The Department will transfer oversight of the License Agreements and the Trademark "Made in Hawaii with Aloha" per HRS 486-119 (as currently construed). Transferring the enforcement would follow the oversight and ownership of the Made in Hawaii program, fully placing the program with one department.

The Department defers to DBEDT on the bill's impacts on its operations. HDOA 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 Economic Development  
and House Committee on Agriculture  
Wednesday, March 17, 2021 at 11:30 A.M.  
Written Testimony**

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

Chairs Quinlan and Hashem, Vice-Chairs Holt and Perruso, and Members of the Committees:

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.

Thank you for this opportunity to provide testimony.



Written Statement of  
**Len Higashi**  
Acting Executive Director  
Hawaii Technology Development Corporation  
before the  
**House Committee on Economic Development**  
**And**  
**House Committee on Agriculture**  
Wednesday, March 17, 2021  
11:30 a.m.  
Videoconference

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

Chairs Quinlan and Hashem, Vice Chairs Holt and Perruso, 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.



Cindy Goldstein, PhD  
Hawaiian Craft Brewers Guild  
98-814 C Kaonohi Street  
Aiea, HI 96701

SB263\_SD2 Made in Hawaii, Grown in Hawaii program  
House Committee on Economic Development & Committee on Agriculture  
Weds, March 17, 2021 at 11:30 a.m. Conf Rm 325 & 312 Videoconference

Position: **Support**

Chairs Representative Quinlan and Representative Hashem, Vice Chairs Representative Holt and Representative Perruso, and members of the House committees,

The Hawaiian Craft Brewers Guild is a nonprofit trade organization representing the interests of small craft breweries across the State of Hawaii. Our members are independent craft breweries producing 100% of their beer in Hawaii.

The Hawaiian Craft Brewers Guild and our member breweries embrace the responsible consumption of alcohol.

#### Made in Hawaii, Grown in Hawaii Programs

The Hawaiian Craft Brewers Guild supports the intent of this legislation for a Made in Hawaii program for manufactured products. The Grown in Hawaii program and Seal of Quality branding overseen by the Hawaii Dept of Agriculture provides desirable visibility and beneficial marketing opportunities for farmers and ranchers and value-added agricultural products.

The mission of the Hawaiian Craft Brewers Guild aligns well with the intent of this legislation. Our mission includes differentiation of craft beer made 100% in Hawaii and increasing awareness for consumers to help them identify craft beer brands manufactured 100% in Hawaii. We are appreciative of efforts by the Dept of Agriculture and the Department of Business Economic Development and Tourism, working together, that provide additional ways to help consumers selectively differentiate and choose products manufactured in Hawaii.

Manufacturers may be producing 100% of their brand in Hawaii and use Hawaii grown agricultural ingredients, but not meet the threshold for the Grown in Hawaii program. The main ingredients of beer; barley and other grains and hops, do not grow well enough in Hawaii to supply even a small quantity to meet a 51 percent or 60 percent standard for Grown in Hawaii. For this reason, we strongly support the intent of this measure to have a Made in Hawaii label

program and promotional efforts that would lead to similar identification for businesses that carry out their manufacturing in Hawaii.

We support the appropriation of funds for administering the program and promoting Made in Hawaii with Aloha branding. We encourage outreach to the manufacturing sector to increase awareness and heighten recognition of the Made in Hawaii with Aloha label.

Thank you for the opportunity to provide testimony to your House committees in support of SB263\_SD2.



## Young Democrats of Hawai‘i

**Executive Board:**

**March 16, 2021**

Trish La Chica  
**President**

**House Committees on Economic Development  
and**

Danicole Ramos  
**Vice-President**

**House Committee on Agriculture**

Keoni Williams  
**Secretary**

**Aloha Chairs Quinlan and Hashem, Vice-Chairs Holt and Perruso, and Members of the  
Committees:**

Perry Arrasmith  
**Treasurer**

The Young Democrats of Hawai‘i (YDHI) **supports SB263 SD2**, which would transfer ownership of the “Made in Hawaii” program as it relates to manufactured products to the Department of Business, Economic Development, and Tourism. It would also place the "Grown in Hawaii with Aloha" program under the management of the Department of Agriculture. Finally, it would transfer ownership of the "Made in Hawaii with Aloha" trademark from the Department of Agriculture to the Department of Business, Economic Development, and Tourism.

Jacob Aki  
**State Central Committee  
Male Representative**

Aria Juliet Castillo  
**State Central Committee  
Female Representative**

YDHI is a caucus under the Democratic Party of Hawai‘i. Our mission is to increase the political strength of our members by providing opportunities for civic engagement, political advocacy, and participation in the Democratic Party of Hawai‘i.

Saumalu Mataafa  
**Young Democrats of  
America National  
Committeeman**

In 2020, our membership established our top three legislative priorities, voting to advocate for affordable housing, healthcare, and the economy.

Radiant Cordero  
**Young Democrats of  
America National  
Committeewoman**

We support SB263 SD2 because it directly addresses our membership’s desire for a healthy local economy during this pandemic in the following ways:

Kathryn Kelly  
**Membership Director**

- It would empower consumers to support local businesses and ideas by aiding accurate identification of products made in Hawai‘i.
- It would expand the definition of local manufactured products to include Hawai‘i-sourced goods, services, and intellectual property, thereby promoting new innovative industries in technology, art, manufacturing, and more.
- It would help acknowledge and reward local creativity and talent, promoting local job growth, entrepreneurship, and economic opportunities for all Hawai‘i residents, including for young people.

Scott Grimmer  
**Communications and  
Digital Director**

Cameron Deptula  
**Legislative Liaison**

Thank you for the opportunity to testify in support of this bill, and we urge you to pass SB263 SD2 to create the vibrant economy our membership desires and deserves.

Kaleo Chang  
**Policy and Research  
Director**

Sincerely,  
The Young Democrats of Hawai‘i