

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

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

**BEFORE THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND
TOURISM
AND
AGRICULTURE AND ENVIRONMENT**

**FEBRUARY 17, 2021
3:45 P.M.
VIA VIDEOCONFERENCE**

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

Chairpersons Wakai and Gabbard and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 263. This proposed Senate Draft 1 version of this bill 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") and appropriates funds.

The Department of Agriculture ("Department") appreciates the intent of the bill provided that the measure does not impact the Executive budget and offers comments.

Clearly defining the term "non-agricultural manufactured products" is critical for the effective implementation of the bill without jurisdictional ambiguity. When determining whether an item qualifies for use of the Made-in-Hawaii label, the Department considers the percentage of the content that is deemed to be agriculturally sourced in Hawai'i and the percentage of manufacturing that occurs in the State. The Department notes that the USDA definition of an agricultural product excludes salt and water, which should be stated as "non-agricultural" in the definition, to align with federal programs.

The Department comments suitable resources may be needed by both DBEDT and the Department to implement this measure.



Thank you for the opportunity to testify on this measure.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
and
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Wednesday, February 17, 2021

3:45 PM

Conference Room #224

In consideration of

SB 263, Proposed SD 1
RELATING TO ECONOMIC DEVELOPMENT.

Chairs Wakai and Gabbard, Vice Chairs Misalucha and Nishihara, and members of the Committees.

The Department of Business, Economic Development and Tourism offers comments on SB263, Proposed SD1, 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.



**Testimony to Senate Committee Energy, Economic Development, and Tourism
and Senate Committee on Agriculture and Environment
Wednesday, February 17, 2021 at 3:45 P.M.
Via Videoconference**

RE: SB 263, PROPOSED SD 1, RELATING TO ECONOMIC DEVELOPMENT

Chairs Wakai and Gabbard, Vice-Chairs Misalucha and Nishihara, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **offers comments** on SB 263, Proposed SD 1, which 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).

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. This program is managed by the Department of Agriculture (DOA) and is promoted jointly by DOA, DBEDT and The Chamber.

While we support the MIHA program, we ask that the program realignment from DOA to DBEDT does not unnecessary burden the non-agricultural goods/products industries and that The Chamber continues to be a voice to successfully advance the MIHA program at DBEDT.

Thank you for this opportunity to provide testimony.

SB-263

Submitted on: 2/15/2021 5:03:14 PM

Testimony for EET on 2/17/2021 3:45:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Valerie Wang | Individual | Support | No |

Comments:

I support allowing DBEDT to support the "Made in Hawaii" program for non-agricultural manufactured products. As we look at ways for our extremely tourism-reliant economy to recover, it is imperative that we explore new ways to enhance our economy and inject external capital & monies into our economy here in Hawaii. By expanding the "Made in Hawaii" program, and allowing the Department of **Business, Economic Development,** and Tourism to oversee the program, we are putting a valuable asset of the state in the hands of a department who has the resources and means to evolve our economy and create a sustainable self-reliant future for Hawaii.

As "Made in Hawaii" applies to so many industries outside of Agriculture, it does not make sense to have such a strong marketing tool that has the power to catalyze the growth of an economy to solely lie with a department that is focused on a single industry in our economy. I strongly believe the DBEDT is the right department, with the right outreach to push this program further, and support this bill.

Furthermore, in order for a "Made in Hawaii" program and campaign to succeed, the requirements to qualify for the program need to be broadened to adapt to the limitations of factory presence and inventory available on our islands. There are certain projects that are Hawaii-born, Hawaii-designed, and Hawaii-created but will inevitably need materials from other states/countries due to our small footprint and availability of resources and materials. These businesses should not be penalized for creating and designing products that need additional resources. By expanding the definition to include Intellectual Property and Services, the bill will truly help (not hinder) local, small business owners... allowing them to truly take advantage of the power of the "Made in Hawaii" mark to propel their business, infusing our economy with outside cash, thus creating new jobs and ultimately leading to economic resiliency that is less dependent on tourism & hospitality. This will be **key** for Hawaii's future in a post-COVID world.

Thank your for listeing and allowing me to share my thoughts.