

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

**BEFORE THE HOUSE COMMITTEE ON FINANCE
WEDNESDAY, MARCH 2, 2022
1:00 P.M.
CONFERENCE ROOM 308 & VIA VIDEOCONFERENCE**

**HOUSE BILL NO. 2082
RELATING TO ECONOMIC DEVELOPMENT**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on House Bill 2082, which requires the Department of Business, Economic Development and Tourism to promote the acquisition of appropriate patents and copyrights for “Hawaii Made” products and to conduct a study and prepare a plan for the promotion and enforcement of either a “Hawaii Made” or “Made in Hawaii” program and evaluate which name to use and appropriate funds.

The Department offers clarifying comments and supports the bill with reservations that display of the term “Hawaii Made” or “Made in Hawaii” or usage of the trademark should be offered to Hawaii producers without a cost to their operations, as is the case with the current usage, which is at no charge, as long as the product qualifies. The cost of doing business in Hawaii is high and the testimony from the Hawaii producers has noted that they can label their products as “Made in Hawaii” today at no cost, if the product complies with Hawaii Revised Statutes (HRS).

Currently, according to HRS §486-119, it is not allowable for producers to “keep, offer, display or expose for sale, or solicit for the sale of any item, product, souvenir, or any other merchandise that is labeled ‘made in Hawaii’...or uses the phrase ‘made in Hawaii’ as an advertising or media tool for any craft item that has not been manufactured, assembled, fabricated, or produced within the State and that has not had at least fifty-one per cent of its wholesale value added by manufacture, assembly, fabrication, or production within the State.”

The Department notes for purposes of clarification that the trademark that the DOA currently owns, administers and enforces is the “Made in Hawaii with Aloha” (MIHA) trademark pursuant to Hawaii Revised Statutes (“HRS”) §486-119. It is DOA’s



understanding that phrase “Made in Hawaii” is not a protected trademark at this time and the bill requests \$250,000 to conduct a study and prepare a plan to:

- Assess and compare the current and potential value of using the “Hawaii Made” or “Made in Hawaii” brands to determine which term provides the most benefit to Hawaii manufacturers;
- Summarize and assess previous work relating to “Hawaii Made” or “Made in Hawaii” brand to identify significant areas for improvement, increased effectiveness, and flexibility of use;
- Review best practices that could serve as a model to promote and enforce a viable “Hawaii Made” or “Made in Hawaii” brand;
- Develop a brand look and mark that incorporates cultural values and is sensitive to the concerns of the broader community of stakeholders, and is marketable locally, nationally, and internationally;
- Determine incentives that would compel Hawaii companies to become certified as companies producing products “Hawaii Made” or “Made in Hawaii”, such as tax credits, grants, and promotional support; and
- Determine proper and effective enforcement procedures and responsibilities, including inspection, investigative, and subpoena powers, citations, fines and injunctive relief.

Some of the items above were researched as a provision of Act 258/SLH 2019, Relating to Advertising and Marketing. The resulting report presented three case studies of place-based marketing conducted by California, Idaho and Wisconsin and concluded that (1) strong, state-backed regulatory product boards greatly enhance the success of an industry to protect its place of origin brand, (2) states that work in partnership with industry groups find more success, (3) federal origin programs can strengthen program support and (4) that multi-sourced funding is often necessary to successfully execute origin programs.

The Department supports DBEDT’s administration and oversight of the “Made in Hawaii” program and our understanding is that currently any entity, including DBEDT, can promote consumer demand, coordinate manufacturing, coordinate and promote distribution channels, ensure the appropriate patents and copyright are acquired, and identify new funding opportunities to promote the expansion of their “Made in Hawaii” products, as they deem appropriate for their products.

Thank you for the opportunity to testify on this measure.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

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

Wednesday, March 2, 2022
1:00 pm

State Capitol, Via Videoconference
Conference Room 308

In consideration of
HB 2082, HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Luke, Vice Chair Yamashita and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports HB 2082, HD1 an Administration Bill. This requires DBEDT to conduct a study and prepare a plan for the promotion, enforcement and implementation of the program, and to determine which name to use: "Hawaii Made" or "Made in Hawaii."

In 2021, the legislature passed Senate Bill 263, S.D.2, H.D.2, C.D.1, now codified into law as Section 201-3.5 HRS. This law gives DBEDT oversight of the "Hawaii Made" program. The Governor vetoed the bill (Governor's Message No. 1295) because the labeling requirements would result in duplicative jurisdiction over the same labeling regulation between DBEDT and the Department of Agriculture (DOA). Moreover, DOA has statutory means of enforcement, since DBEDT is not a regulatory agency, and does not have the means or infrastructure to handle enforcement.

Furthermore, the use of the name "Hawaii Made" or "Made in Hawaii" may have different standards limiting flexibility. This study will explore the name best suited to use to be more inclusive and beneficial to manufacturers.

The proposed measure will also help clarify the program and determine the proper enforcement procedures and responsibilities, with the ultimate goal to expand the number of companies that will seek to be certified to use the "Hawaii Made/Made in Hawaii" product designation and preserve the integrity of its usage.

Essentially, the study will:

1. Assess the current and potential value of the "Hawaii Made/Made in Hawaii" brand;
2. Summarize and assess previous work relating to the "Hawaii Made/Made in Hawaii" brand to identify significant areas for improvement and increased effectiveness;
3. Review best practices that could serve as a model to promote and enforce a viable "Hawaii Made/Made in Hawaii" brand;
4. Develop a brand look and mark that incorporates cultural values and are sensitive to the concerns of the broader community of stakeholders, and are marketable locally, nationally, and internationally;
5. Determine incentives that would compel Hawaii companies to become certified as companies producing products "Hawaii Made/Made in Hawaii," such as tax credits, grants, and promotional support; and
6. Determine proper and effective enforcement procedures and responsibilities, including inspection, investigations, subpoena powers, citations, fines, and injunctive relief.

We are asking for \$250,000 to conduct and implement the findings of the study.

We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2082, H.D. 1

March 2, 2022
1:00 p.m.
Room 308 and Videoconference

RELATING TO ECONOMIC DEVELOPMENT

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2082, H.D. 1, requires the Department of Business, Economic Development and Tourism (DBEDT) to promote the acquisition of appropriate patents and copyrights for "Hawai'i Made" products and to conduct a study and prepare a plan for the promotion and enforcement of either a "Hawai'i Made" or "Made in Hawai'i" program and evaluate which name to use; and appropriates \$250,000 in general funds for FY 23 to complete the study.

B&F defers to DBEDT to detail the impacts of this measure but notes that previous concerns were raised during the 2021 Legislative Session regarding differences in the definition of "Hawai'i Made" versus "Made in Hawai'i" as well as concerns regarding enforcement and regulation of either "Hawai'i Made" or "Made in Hawai'i" products.

B&F also notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that

states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



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March 2, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 2082, HD1
RELATING TO ECONOMIC DEVELOPMENT

Conference Room 308 & Videoconference
1:00 PM

Aloha Chair Luke, Vice-Chair Yamashita, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 2082, HD1, which requires the Department of Business, Economic Development, and Tourism to promote the acquisition of appropriate patents and copyrights for "Hawai'i Made" products and to conduct a study and prepare a plan for the promotion and enforcement of either a "Hawai'i Made" or "Made in Hawai'i" program and evaluate which name to use.

Act 002, Special Session 2021 transferred the oversight of the "Hawai'i Made" program for manufactured products and the "Hawai'i Made" trademark to the DBEDT. Currently, HDOA owns and enforces the "Made in Hawai'i with Aloha" trademark for products that meet or exceed the requirements of HRS 486-119. We are concerned that there may be some confusion between "Hawai'i Made", "Made in Hawai'i" and "Made in Hawai'i with Aloha" brands and support the proposed DBEDT study and plan that would determine the most effective branding program for Hawai'i products.

We appreciate the Legislative intent to transfer the enforcement of the "Made in Hawai'i" program to DCCA by repealing the current enforcement authority held by HDOA, but we are concerned about the impacts it may have on HDOA's current MIHA program.

Thank you for the opportunity to comment on this measure.



COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

HB2082 HD1
Relating to Economic Development

Wednesday, March 2, 2022, 1:00 PM
VIA VIDEOCONFERENCE

Chair Luke, Vice Chair Yamashita, and Members of the Committee,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

The Hawaii Cattlemen's Council **offers comments on HB2082 HD1** which requires the department of business, economic development, and tourism to promote the acquisition of appropriate patents and copyrights for "Hawaii Made" products and to conduct a study and prepare a plan for the promotion and enforcement of either a "Hawaii Made" or "Made in Hawaii" program and evaluate which name to use. When assessing the program for changes, we advocate for producers to continue to be able to use the program without undue financial burden.

The Made in Hawaii program under the Department of Agriculture has bolstered the agricultural entities that grow and sell locally. The program is recognized domestically as well as abroad, and local producers are given a spotlight for their products. The program is meant to provide more value to Hawaii's producers while giving consumers a simple sticker to indicate it is "Made in Hawaii." We ask that value to the producers is priority and no unnecessary fees or payments are required with a new program framework.

We appreciate the opportunity to testify on this measure.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





Hawaii Floriculture and Nursery Association

HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

Wednesday, March 2, 2022 1:00 p.m.
VIA VIDEOCONFERENCE
Conference Room 308
State Capitol
415 South Beretania Street

RE: HB2082, HD1 RELATING TO ECONOMIC DEVELOPMENT

My name is Eric S. Tanouye and I am the President for the Hawaii Floriculture and Nursery Association (HFNA). HFNA is a statewide umbrella organization with approximately 300 members. Our membership is made up with breeders, hybridizers, propagators, growers, shippers, wholesalers, retailers, educators, and the allied industry, which supports our efforts in agriculture. The 2019 Hawaii Census of Horticulture show horticulture operations in Hawaii sold a total of \$89.2million in floriculture, nursery and specialty crops with 50% of revenue local and 50% export.

We oppose HB 2082, HD1 in its present form.

While we recognize the merits of creating a study to understand how to best use the “Hawaii Made” and “Made in Hawaii” brands, as part of Agriculture we are currently very satisfied with how the current program is being conducted.

Currently the Made in Hawaii program is under the Hawaii Department of Agriculture and is a free program that helps market Hawaii’s Agriculture product. We feel that it is beneficial to have this program be free and available to help new and established farmers and ranchers market their products.



Hawaii Floriculture and Nursery Association

We do not see a benefit to the agriculture community in having this program change to another department and require fees to participate, essentially changing the nature of the program. The Hawaii Department of Agriculture is currently doing all the program requirements and has registered and vetted 90 products - this with no funds for the program. Not all products are AG - some cleaning products, cosmetics

We do not want the “MADE IN HAWAII” program to be changed to the department of commerce and consumer affairs and department of business, economic development and tourism. We do not believe there is a need to have a uniform “MADE IN HAWAII” program and question the need for a study to take away a program that is working well for Agriculture.

If you have any questions at this time, we would be happy to discuss them and can be reached by phone at 808-959-3535 ext. 2627, cell 960-1433 and email eric@greenpointnursery.com.

Supporting Agriculture and Hawaii,

Eric S. Tanouye
President
Hawaii Floriculture and Nursery Association



Dear Senators:

February 28/2022

My comments and testimony are regarding HB 2082

We are a family tropical flower farm on Kauai for the past 30 years. Tropical Flowers Express has been members of the Hawaii Department of Agriculture "Seal of Quality" and "Made in Hawaii with Aloha" programs. HDOA has done a great job in administering, promoting, marketing also providing and funding opportunities for our industry locally and globally at NO COST to the producer.

Will DBEDT be charging a fee this year or in the future for producers using the new branding name and logo?

Will current members need to reapply for membership and use of the services?

What percent of the \$250K for this year be used for production agriculture and import replacement?

It's important to know that Hawaii agriculturalists especially farmers and ranchers have the ear of our legislators during these very challenging times. We don't need increased overhead costs and regulatory hurdles. Now more than ever due to current local and global situations the costs of production for production agriculture and added value products will undoubtedly rise.

Please consider leaving the "Made in Hawaii" program with Hawaii Department of Agriculture.

Thank you for the opportunity to share my concerns with all of you.

Respectfully,

Johnny Gordines

