

'JAN 19 2024'

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# A BILL FOR AN ACT

RELATING TO VALUE-ADDED PRODUCTS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that establishing a food  
2 and product innovation network is critical to meeting the  
3 State's agricultural and economic diversification goals. The  
4 network will allow businesses in the State to capitalize  
5 globally on the "made in Hawaii", "produced in Hawaii", or  
6 "processed in Hawaii" brand; create world-class products; and  
7 scale up production by providing the businesses with access to a  
8 diverse suite of manufacturing equipment and industry expertise.

9           Accordingly, the purpose of this Act is to establish a  
10 statewide network of open-access food and value-added product  
11 development facilities to enable businesses to scale up new  
12 products from research and development to manufacturing and  
13 commercialization.

14           SECTION 2. Chapter 163D, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:



1            "§163D-     Food and product innovation network;  
2 established.   (a) There is established within the corporation  
3 the food and product innovation network. The purpose of the  
4 food and product innovation network shall be to:

5            (1) Allow businesses in the State to capitalize globally  
6               on the "made in Hawaii", "produced in Hawaii", or  
7               "processed in Hawaii" brand, pursuant to  
8               section 486-119;

9            (2) Create world-class products; and

10           (3) Scale up production by providing the businesses with  
11               access to a diverse suite of manufacturing equipment  
12               and industry expertise.

13           (b) Partner members of the food and product innovation  
14 network shall include:

15           (1) The department of education food and product  
16               innovation center in Kekaha, on the island of Kauai;

17           (2) The foreign-trade zone facility in Hilo, on the island  
18               of Hawaii;

19           (3) The university of Hawaii Maui college food innovation  
20               center, on the island of Maui; and



1        (4) The university of Hawaii Leeward community college  
2            value-added product development center in Wahiawa, on  
3            the island of Oahu.

4        (c) The food and product innovation network shall:

5        (1) Offer a range of resources within the wider network to  
6            support innovation and business development, including  
7            courses and events relating to food and value-added  
8            product development, entrepreneurship, marketing,  
9            branding, business management, workforce development,  
10          intellectual property protection, and other topics;

11       (2) Provide new product development support from  
12          early-stage trials to commercialization by  
13          establishing a network of facilities with equipment of  
14          various scales, providing expert advice, and offering  
15          resources tailored to the regional economies;

16       (3) Provide low-risk commercial production with  
17          appropriate certifications for exporting products and  
18          selling products locally;

19       (4) Provide recommendations on process optimization by  
20          offering advice and networking, identifying and



1           testing equipment, planning trials, and analyzing  
2           results;

3           (5) Increase exports by securing facilities and developing  
4           compliance programs for off-shore markets; provided  
5           that each county shall have no more than two food and  
6           product innovation network facilities that produce  
7           products labeled "made in Hawaii", "produced in  
8           Hawaii", or "processed in Hawaii" pursuant to  
9           section 486-119;

10          (6) Develop entrepreneurs to grow the State's economy; and

11          (7) Prepare businesses to scale up and to achieve  
12          autonomous business success and sustainability.

13          (d) No later than twenty days prior to the convening of  
14 each regular session, the food and product innovation network  
15 shall submit a report to the legislature that includes:

16          (1) A description of the food and product innovation  
17          network's activities and progress in the preceding  
18          year, including the activities and progress of primary  
19          members and partner members, in response to the  
20          directives established pursuant to subsection (c);



- 1        (2) An assessment of any progress made in growing the
- 2        State's agriculture industry, food industry, and
- 3        related industries, and in meeting the State's food
- 4        security goals; and
- 5        (3) Any proposed legislation."

6        SECTION 3. Section 163D-2, Hawaii Revised Statutes, is  
7 amended by adding two new definitions to be appropriately  
8 inserted and to read as follows:

9        "Partner member" means an open-access food and value-added  
10 product development facility that is part of the food and  
11 product innovation network but is not managed or operated by the  
12 corporation.

13        "Primary member" means an open-access food and value-added  
14 product development facility that is part of the food and  
15 product innovation network and is managed and operated by the  
16 corporation."

17        SECTION 4. Section 163D-4, Hawaii Revised Statutes, is  
18 amended by amending subsection (b) to read as follows:

19        "(b) The corporation shall [~~develop,~~]:

- 20        (1) Develop, promote, assist, and market agricultural
- 21        products for local consumption, and shall promote and



1           assist in commercial export of agricultural  
 2           products[-]; and  
 3           (2) Oversee the food and product innovation network  
 4           pursuant to section 163D- ; provided that the  
 5           responsibilities and operations of each partner member  
 6           shall remain with the partner member."

7           SECTION 5. In accordance with section 9 of article VII of  
 8           the Hawaii State Constitution and sections 37-91 and 37-93,  
 9           Hawaii Revised Statutes, the legislature has determined that the  
 10          appropriations contained in Act 164, Regular Session of 2023,  
 11          and this Act will cause the state general fund expenditure  
 12          ceiling for fiscal year 2024-2025 to be exceeded by  
 13          \$            or            per cent. This current declaration takes  
 14          into account general fund appropriations authorized for fiscal  
 15          year 2024-2025 in Act 164, Regular Session of 2023, and this Act  
 16          only. The reasons for exceeding the general fund expenditure  
 17          ceiling are that:

- 18           (1) The appropriation made in this Act is necessary to
- 19           serve the public interest; and
- 20           (2) The appropriation made in this Act meets the needs
- 21           addressed by this Act.



1 SECTION 6. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so  
3 much thereof as may be necessary for fiscal year 2024-2025 for  
4 the food and product innovation network established pursuant to  
5 this Act, including:

6 (1) \$ for a food and product innovation facility  
7 on the island of Molokai; provided that the facility  
8 shall utilize axis deer for producing food and  
9 value-added products, including leather and  
10 pharmaceuticals;

11 (2) \$ for a food and product innovation facility  
12 on the island of Oahu;

13 (3) \$ for an open-access food and value-added  
14 product development facility in Hilo on the island of  
15 Hawaii; and

16 (4) \$ for an open-access food and value-added  
17 product development facility in Kailua-Kona on the  
18 island of Hawaii.

19 The sum appropriated shall be expended by the agribusiness  
20 development corporation for the purposes of this Act.



1 SECTION 7. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect on July 1, 2024.

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INTRODUCED BY: 





# S.B. NO. 2500

**Report Title:**

ADC; Economic Development; Food and Product Innovation Network;  
Food Security; Expenditure Ceiling; Appropriation

**Description:**

Establishes a food and product innovation network within the Agribusiness Development Corporation. Declares that the general fund expenditure is exceeded. Makes an appropriation for food and product innovation facilities on the islands of Molokai, Oahu, and Hawaii.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

