



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR

DANE K. WICKER
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

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

Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Wednesday, March 22, 2023
2:00 PM
State Capitol, Conference Room 329

In consideration of
SB113, SD2, HD1
RELATING TO THE LABELING OF PRODUCTS.

Chair Nakashima, Vice Chair Sayama and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports SB113, SD2, HD1, which adds language to HRS 201-3.5(c) to clarify that in calculating whether a product labeled "Hawai'i Made" has met the requirement that at least fifty-one per cent of the wholesale value of the product is manufactured, processed, or produced within the state that operating and overhead expenses incurred and spent within the state shall be included. This bill also provides funding for the promotion and development of the Hawai'i Made brand.

The inclusion of operating and overhead expenses incurred and spent within the state in the Hawai'i Made calculation will allow more firms to qualify for its products to be labeled "Hawai'i Made." This policy is consistent with federal EXIM Bank guidelines.

The Hawai'i Made brand is a valuable asset to the state in promoting products made in Hawai'i. According to the National Association of Manufacturers, in 2019, the value of products manufactured in Hawai'i was \$1.66 billion. Most of Hawai'i's manufacturers could benefit from a vibrant Hawai'i Made brand promotion.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

WEDNESDAY, MARCH 22, 2023
2:00 PM
CONFERENCE ROOM 329 & VIDEOCONFERENCE

SENATE BILL NO. 113 SD2, HD1
RELATING TO THE LABELING OF PRODUCTS

Chair Nakashima and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 113 SD2, HD1. This bill clarifies that operating and overhead expenses incurred and spent within the State shall be included in calculating whether a product labeled "Hawaii Made" has met the requirement that at least fifty-one per cent of the wholesale value of the product is added by manufacture, processing, or production within the State. The bill appropriates funds to the Department of Business, Economic Development and Tourism (DBEDT) to promote and develop the "Made in Hawaii" brand (DBEDT's brand is "Hawaii Made"). The Department of Agriculture (Department) offers the following comments.

Since this measure amends section 201-3.5 (c), HRS, it is referring to the "Hawaii Made" brand, where DBEDT promotes and markets non-perishable goods. There is no enforcement provision for section 201-3.5, HRS. Enforcement can be optional for a brand focused on promoting and marketing products broadly. Including operating and overhead expenses in the calculation of at least fifty-one percent of the value added by manufacture, assembly, fabrication, or production within the state



makes commercial sense, as it will allow substantially more businesses to participate in DBEDT's brand.

- Operating expenses are the result of a business's normal operations, such as materials, labor, and machinery involved in production.
- Overhead expenses are all costs on the income statement except for direct labor, direct materials and direct expenses. Overhead expenses include accounting fees, advertising, insurance, interest, legal fees, labor burden, rent, repairs, supplies, taxes, telephone bills, travel expenditures, and utilities.

In respecting the intent of this bill, the Department recommends DBEDT's appropriation be designated for the "Hawaii Made" brand (and not "Made in Hawaii"). Therefore, we respectfully request the Legislature to replace the term "Made in Hawaii" with "Hawaii Made" in Section 2, on page 2, lines 9 to 10 of this measure. Likewise, the term "Made in Hawaii" should be replaced with "Hawaii Made" in the Report Title and Description on page 3.

Thank you for your consideration and the opportunity to testify on this measure.

SB-113-HD-1

Submitted on: 3/20/2023 12:08:13 PM

Testimony for CPC on 3/22/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

We must protect and publicize our brand. Made in Hawaii must truly be made in Hawaii. As a taxpayer and consumer I urge you to pass this bill.



HAWAI'I FOREST INDUSTRY ASSOCIATION (HFIA)

P. O. Box 66 ❖ 'O'ōkala, HI
96774 Phone: 808-933-9411
Email: hfia@hawaiiiforest.org
Website: www.hawaiiiforest.org

Date: 03/21/2023

TO: Chair Nakashima, Vice Chair Sayama and CPC Committee Members

FROM: the Hawai'i Forest Industry Association (HFIA)

SUBJECT: In Support of SB113 SD2 HD1 Relating to the Labeling of Products

Dear Chair Nakashima and Committee Members,

On behalf of the Directors and members of the Hawai'i Forest Industry Association (HFIA), please support SB113 SD2 HD1 Relating to the Labeling of Products.

Roughly 45% of HFIA's 130 members are wood artisans (wood turners, furniture makers, etc.), wholesalers (primarily lumber) or wood product retailers/galleries. Every year, HFIA hosts the annual Hawaii's Wood Show in Honolulu, in which local artisans enter and are required to use locally sourced woods. We, as an organization made up of a Board of Directors, staff and members, take pride in this event and the regulations set and enforced regarding the utilization of locally sourced materials.

Furthermore, HFIA has also established "Hawaii's Wood Brand". The Hawaii's Wood Brand represents fine items made from wood grown in the Hawaiian Islands. HFIA members who want to participate in the program and brand their items must agree to only brand items that meet the following criteria: Made in Hawai'i; Well-made and of good quality; and Made predominantly of woods that are grown in Hawai'i. Hawaii's Wood Brand not only highlights quality craftsmanship and the richness of Hawai'i's woods, but it also reduces the carbon footprint of wood products created and sold by participating HFIA members. Additionally, it reduces the reliance on imported finished wood products or imported materials for wood products, keeping the money of Hawai'i's craftsmen and consumers circulating in our local economy, rather than directing it to off island entities.

We hope that you will support SB113 SD2 HD1 and that other areas of commerce will follow suit in an effort to produce and offer genuine, locally crafted products, using locally sourced materials as often as possible.

Mahalo for your time and consideration,

Guy Cellier, Acting President

Hawaii Forest Industry Association

Established in 1989, HFIA's is a nonprofit organization founded by people committed to sustainable forest management. HFIA's mission is to promote healthy and productive forests and a sustainable forest industry through management, education, planning, information exchange, and advocacy. HFIA has over 130 members including woodworkers, landowners, sawyers, foundations, foresters, growers, educators, environmentalists, architects, millers, ranchers, and others interested in HFIA's mission and goals.

HFIA Board of Directors

Officers: Acting President/Vice-President Guy Cellier, Secretary Peter D. Simmons, Treasurer Wade Lee
Directors: Thomas Calhoun, Jeremy Campbell, Aaron Hammer, Nickolas Koch, Tai Lake, Michael Sowards, Irene Sprecher, Michael Tam, Jorma Winkler, Ron Wolfe, Aileen Yeh