



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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

Wednesday, March 19, 2025
10:00 AM
State Capitol, Conference Room 423

In consideration of
SB 558, SD2, HD1
RELATING TO VALUE-ADDED PRODUCTS.

Chair Ilagan, Vice Chair Hussey, and members of the Committee:

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports the intent of SB558 SD2 HD1, which seeks to establish a Food and Product Innovation Network within the Agribusiness Development Corporation (ADC). This initiative is essential to Hawai'i's agricultural diversification goals, providing critical support to farmers, food entrepreneurs, and value-added manufacturers across the state.

To ensure consistency across legislative measures and maximize the network's impact, DBEDT respectfully recommends the following amendments to SB558 SD2 HD1:

Flexibility in Facility Development

- Replace fixed facility locations with language that allows ADC to develop future sites strategically, as proposed in HB774 HD2.
- Ensure that new facilities can be developed on ADC-owned lands in Kekaha, Hawai'i Island, Maui, and Moloka'i to allow for regional expansion.

Adaptive Funding Allocation

- Modify the funding provisions to provide ADC with greater discretion in distributing resources based on identified regional needs and industry demand.

Enhanced Regional Support & Entrepreneurial Development

- Ensure that the Food and Product Innovation Network provides shared resources, technical assistance, and commercialization support to enable Hawai'i-based businesses to scale up new products from R&D to market-ready production.

Drafted Amendments for SB558 SD2

SECTION 2, Subsection (b), Item (1)

Replace existing partner locations language with:

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

(1) Future facilities to be developed on lands owned by the agribusiness development corporation in Kekaha, on the island of Kauai; a to-be-determined location on the island of Hawaii; and additional facilities on the islands of Maui and Molokai to expand regional support and enhance statewide coverage;

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

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

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

(cont.)

SECTION 5 - Funding Allocation

Replace specific facility funding allocations with:

"There is appropriated out of the general revenues of the State of Hawaii an unspecified sum for the development of Food and Product Innovation Network facilities. The funds shall be expended by the Agribusiness Development Corporation to support facility development, expansion, and operational sustainability."

Key Benefits of This Legislation

1. Strengthens Hawai'i's Agricultural Economy

By enhancing value-added product development, this bill empowers local farmers to increase profitability and reduce waste through food innovation and processing.

2. Supports Statewide Business Growth

The network will equip small businesses and entrepreneurs with industry expertise and state-of-the-art manufacturing equipment.

3. Expands Regional Access & Food Security

Establishing strategically located facilities ensures equitable access to food innovation resources across all islands, particularly rural agricultural areas.

4. Encourages Export Growth & Job Creation

The network will enable businesses to increase local production capacity while complying with export certifications, expanding local-to-global market reach, and creating new jobs.

DBEDT strongly supports the passage of SB558 SD2 HD1 with the proposed amendments to align with HB774 HD2. These amendments ensure that the Food and Product Innovation Network is scalable, regionally inclusive, and aligned with the state's agricultural and economic objectives.

We appreciate the Committee's dedication to advancing Hawai'i's food innovation and agricultural diversification efforts, and we urge the adoption of our proposed amendments.

Mahalo for the opportunity to testify.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEAN M. MATSUKAWA
Deputy to the Chairperson

State of Hawai'i
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TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

**BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT &
TECHNOLOGY**

WEDNESDAY, MARCH 19, 2025
10:00 AM
CONFERENCE ROOM 423

SENATE BILL NO. 558, S.D. 2, H.D. 1
RELATING TO VALUE-ADDED PRODUCTS

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 558, S.D. 2, H.D. 1. This bill seeks to establish a statewide food and product innovation network within the Agribusiness Development Corporation, enabling local businesses to scale up new products from research and development to manufacturing and commercialization. The bill also appropriates funds for the intended facilities. The Department of Agriculture (Department) supports this initiative.

The food and product innovation network proposed in this measure includes a range of robust facility partners on Kauai, Maui, Oahu, and Hawai'i Island. The Department believes this network has the ability to significantly assist Hawai'i's agricultural businesses by offering space, equipment and specialized expertise to local farmers and other entrepreneurs for creating value-added products using locally grown and raised agricultural products. Additionally, it may serve as a catalyst for innovations in food products, processing technologies, packaging and labeling processes, inventive supply chain logistics, and new marketing channels.

Thank you for the opportunity to testify on this measure.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



WENDY GADY
EXECUTIVE DIRECTOR

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM
March 19, 2025
10:00 a.m.
Conference Room 423 & Videoconference

SENATE BILL NO. 558 SD2 HD1
RELATING TO VALUE-ADDED PRODUCTS

Chairperson Ilagan, Vice Chair Hussey, and Members of Committee:

The Agribusiness Development Corporation (ADC) **supports** Senate Bill No. 558 SD2 HD1, which establishes a Food and Product Innovation Network (FPIN) within ADC. Appropriates funds for food and product development or innovation facilities in the county of Maui and on the islands of Oahu and Hawaii.

ADC strongly supports this measure, which provides funding for a statewide FPIN, which will create rural jobs, provide additional revenue streams to our local farmers and producers, and foster the development of locally made value-added products to expand the "Made in Hawaii" brand.

Research and product development is risky and requires a lot of up-front capital, which discourages a lot of Hawaii's emerging agribusinesses and entrepreneurs from exploring new markets. The establishment of FPINs will de-risk investment for growing businesses and accelerate their efforts in developing new products to promote food resiliency and Hawaii's export marketing. The facilities will be the place where agribusinesses and entrepreneurs can develop a wide variety of locally made value-added products from preparation to packaged

product. Because it is a network, information and expertise can be shared and passed on to others to replicate success.

ADC believes these investments will make the agency more dynamic and stimulate economic development, particularly in our rural communities. By making these investments, ADC will be able to attract and support agribusinesses and entrepreneurs and help them reach economies of scale.

We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Thank you for the opportunity to testify on this important measure.



Email: communications@ulupono.com

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY
Wednesday, March 19, 2025 — 10:00 a.m.

Ulupono Initiative supports SB 558 SD 2 HD 1, Relating to Value-Added Products.

Dear Chair Illagan and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports SB 558 SD 2 HD 1, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates funds for food and product development or innovation facilities in the County of Maui and on the islands of O'ahu and Hawai'i.

Farmers can increase their profitability by creating value-added products with their off-grade produce. Off-grade produce can be perfectly edible and nutritionally sound, but might not be "good looking" enough for grocery shoppers. With off-grade produce comprising 10% to 40% of typical harvests,¹ this network would help enable farmers to generate revenue from currently unused crops.

We appreciate this committee's efforts to look at policies that support local food production and the success of our farmers and ranchers in scaling up to help our state meet its agricultural and economic diversification goals.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹ https://www.salon.com/2019/09/08/study-finds-farm-level-food-waste-is-much-worse-than-we-thought_partner/ and <https://www.sciencedirect.com/science/article/pii/S0921344919301296>



Hawai'i Aquaculture &
Aquaponics Association
Hawai'i Cattlemen's Council
Hawai'i Farm Bureau
Federation
Hawai'i Farmers' Union
United
Hawai'i Food Industry
Association
Hawai'i Food
Manufacturers Association
Kohala Center
Land Use Research
Foundation of Hawai'i
Maui Farm to School
Network (Maui F2SN)
Ulupono Initiative
College of Tropical
Agriculture and Human
Resilience - University of
Hawai'i at Manoa

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

Wednesday, March 19, 2025 – 10:00 a.m.
Conference Room 423 & Videoconference

SB 558 SD2 HD1 – RELATING TO VALUE-ADDED PRODUCTS

Aloha Chair Ilagan, Vice Chair Hussey, and Members of the
Committee:

The Local Food Coalition **SUPPORTS** SB 558 SD2 HD1, which
establishes a Food and Product Innovation Network within the
Agribusiness Development Corporation and appropriates funds for
food and product development or innovation facilities in the county
of Maui and on the islands of Oahu and Hawaii.

Value-add manufacturing plays an indispensable role in bolstering
both our agricultural sector and the broader economy. Establishing
a network of open-access food and value-added product
development facilities is not merely an aspiration but a necessity in
our quest for agricultural and economic sustainability.

SB 558 SD2 HD1 would serve as a catalyst for initiating innovations
in food products, processing technologies, packaging – ultimately to
advance and support farmers and entrepreneurs to create value-
added products made with locally grown and raised agricultural
product.

The Local Food Coalition is an organization comprised of farmers,
ranchers, livestock producers, investors and other organizations
working to provide Hawaii's food supply.

Thank you for the opportunity to submit testimony in support of SB
558 SD2 HD1.



Hawai'i Forest Industry Association

7192 Kalaniana'ole Hwy
Suite A-143A, #249
Honolulu, HI 96825
Phone: 808/933/9411
Email: hfia@hawaiiiforest.org

Date: 03/17/25

TO: ECD Chair Ilgan, Vice Chair Hussey and ECD Committee Members

FROM: Hawai'i Forest Industry Association (HFIA)

SUBJECT: In Support of SB558 SD2 HD1 Relating to Value Added Products

Dear Chair Ilgan, Vice Chair Hussey and ECD Committee Members

On behalf of the Directors and members of the Hawai'i Forest Industry Association (HFIA), please support SB558 SD2 HD1 Relating to Value-Added Products.

Since 1989 HFIA has worked towards actualizing healthy and productive forests across the state of Hawaii and recognized Hawaii's opportunity for economic growth and diversification. We've taken much pride in encouraging our members to create products utilizing locally sourced materials. We've done this via our Hawaii's Wood Brand program which represents fine items made from wood grown in the Hawaiian Islands. The program requires participants to meet certain criteria ensuring their products are Hawaii Made and of good quality. Roughly 40% of HFIA's members are woodworkers, the vast majority of whom utilize woods sourced locally. Many HFIA woodworkers sell their finished products both locally and out of state. These sales of high quality, Hawaii Made products, to out of state buyers are a small-scale example of what SB558 SD2 HD1 could yield on a broader scale across various food and product categories.

It is also important to note that Hawaii is home to millions of acres of land zoned as Conservation Reserve. These lands hold forest resources that could be utilized for innovation and to create value-added, Hawaii Made products. Extracted resources could be replenished for future harvest and use. These lands also hold wild game that could be processed to feed local families or exported as a Hawaii Sourced product with the support of a Food and Product Innovation Network.

Ultimately, a successful Food and Product Innovation Network could yield various benefits including economic diversification and growth, job creation, business innovation and networking and resource sharing amongst entrepreneurs in the State of Hawaii. For these reasons we hope that you will support SB558 SD2 HD1.

Mahalo for your time and consideration,

Guy Cellier

Guy Cellier, President

Hawaii Forest Industry Association

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: President Guy Cellier, Vice President Irene Sprecher, Secretary Taylor Coons, Treasurer Wade Lee
Directors: Jeremy Campbell, Doug Gordon, Nicholas Koch, Michael Sowards, Aileen Yeh



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Executive Officers

Maile Miyashiro, C&S Wholesale Grocer, *Chair*

Kit Okimoto, Okimoto Corp., *Vice Chair*

Jayson Watts, Mahi Pono, *Secretary/Treasurer*

Lauren Zirbel, HFIA, *Executive Director*

Paul Kosasa, ABC Stores, *Advisor*

Derek Kurisu, KTA Superstores, *Advisor*

Toby Taniguchi, KTA Superstores, *Advisor*

Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*

Eddie Asato, Pint Size Hawaii, *Advisor*

Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Economic Development and Technology

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: March 19, 2025

TIME: 10am

RE: SB558 SD2 HD2 Relating to Value Added Products

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Increasing local food production and manufacturing helps build a more diverse economic foundation for our state. Increasing local food production also makes our food systems more resilient and sustainable.

HFIA has proudly produced the Made in Hawaii Festival for over 30 years and we know first hand the value and importance of locally made products. We also know that there is huge potential for growth in our local manufacturing sector. Establishing a food and product innovation network is an important step that the State can take to help this sector grow and thrive for the benefit of Hawaii makers, Hawaii consumers, and Hawaii's economy.

We encourage you to pass this measure and we thank you for the opportunity to testify.



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March 19, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

TESTIMONY ON SB 558, SD2, HD1
RELATING TO VALUE-ADDED PRODUCTS

Conference Room 423 & Videoconference
10:00 AM

Aloha Chair Ilagan, Vice-Chair Hussey, 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 SB 558, SD2, HD1, which establishes a Food and Product Innovation Network within the Agribusiness Development Corporation and appropriates funds for food and product development or innovation facilities in the county of Maui and on the islands of Oahu and Hawai'i.

As expenses rise, increases in farm revenues and profits are critical to the continued viability of farms and ranches. Farmers can do this by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will increase farm revenue and provide new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawai'i's farmers and value-added food producers. Labor, taxes, land, transportation, utilities, and supplies are all costs of doing business that often result in value-added food producers just breaking even.

If a Hawai'i farmer or entrepreneur wants to process an off-grade product into a value-added product they are usually forced to send it to the mainland because Hawai'i lacks value-added processing facilities. This cost of transportation to and from the mainland is often enough to discourage farmers from pursuing value-added production.

Hawai'i is potentially losing millions of dollars because of the cost of processing agricultural crops into value-added products. A network of food and value-added facilities in Hawai'i will support the production of new value-added products so that farmers can increase their income while allowing locally produced value-added goods to compete with imported products, and expand into new export markets, strengthening our local economy.

The strength of Hawai'i's economy depends upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for this opportunity to testify in support of this measure.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
Wednesday, March 19, 2025 AT 10:00 A.M.**

To The Honorable Greggor Ilagan, Chair
The Honorable Ikaika Hussey, Vice Chair
Members of the Committee on Economic Development and Technology

SUPPORT SB558 SD2 HD1 RELATING TO VALUE-ADDED PRODUCTS

The Maui Chamber of Commerce **SUPPORTS SB558 SD2 HD1** which establishes a Food and Product Innovation Network within the Agribusiness Development Corporation; and appropriates funds for food and product development or innovation facilities in the County of Maui and on the islands of Oahu and Hawaii.

The Chamber recognizes that the creation of a food and product innovation network is essential to achieving the state's agricultural and economic diversification objectives. This network will enable businesses in Hawai'i to capitalize on the global appeal of the "Made in Hawai'i," "Produced in Hawai'i," or "Processed in Hawai'i" brand. It will also facilitate the creation of world-class products and increase production capacity by providing businesses with access to a wide range of manufacturing equipment and industry expertise.

We wholeheartedly support initiatives that promote our local businesses and farmers.

For these reasons we **SUPPORT SB558 SD2 HD1** and respectfully request its passage.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

SB-558-HD-1

Submitted on: 3/17/2025 7:27:47 PM

Testimony for ECD on 3/19/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

Great idea to help local food producers that could create more jobs. Mahalo!

SB-558-HD-1

Submitted on: 3/18/2025 3:00:14 PM

Testimony for ECD on 3/19/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Faith Tuipulotu	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support SB558 SB2 HB1.

Mahalo, Faith Tuipulotu

SB-558-HD-1

Submitted on: 3/18/2025 8:37:39 PM

Testimony for ECD on 3/19/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Rosie F Davis	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support SB558

Mahalo nui Rosie

SB-558-HD-1

Submitted on: 3/19/2025 8:17:11 AM

Testimony for ECD on 3/19/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Iolani Kuoha	Individual	Support	Written Testimony Only

Comments:

Testimony in Support of SB 558 – Establishing a Food and Product Innovation Network

Aloha Chair Greggor Ilagan, Vice Chair Ikaika Hussey, and Members of the Committee,

I strongly support SB 558, which seeks to establish a statewide food and product innovation network to help local businesses scale up and compete in the global market. This initiative is crucial to achieving Hawaii's agricultural and economic diversification goals by providing businesses with the resources needed to develop, manufacture, and commercialize high-quality products under the "Made in Hawaii," "Produced in Hawaii," and "Processed in Hawaii" brands.

Many local entrepreneurs, farmers, and small business owners face challenges in expanding their operations due to limited access to advanced manufacturing equipment, research and development facilities, and industry expertise. By creating an open-access network, this bill ensures that Hawaii-based businesses have the support they need to innovate, grow, and sustain their operations, contributing to a stronger local economy and a more self-sufficient agricultural sector.

Investing in this network will not only create new jobs but also enhance Hawaii's reputation as a hub for world-class food and value-added product development. This initiative aligns with our state's commitment to economic resilience and sustainability, helping to foster long-term prosperity for our communities.

For these reasons, I respectfully urge the committee to pass SB 558. Mahalo for your time and consideration.

Me ka ha'aha'a,
‘Iolani Kuoha