

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



State of Hawai'i
DEPARTMENT OF AGRICULTURE
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SHARON HURD
Chairperson, Board of Agriculture

DEAN M. MATSUKAWA
Deputy to the Chairperson

TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

TUESDAY, FEBRUARY 18, 2025
10:01 AM
CONFERENCE ROOM 211

SENATE BILL NO. 558, SD1
RELATING TO VALUE-ADDED PRODUCTS

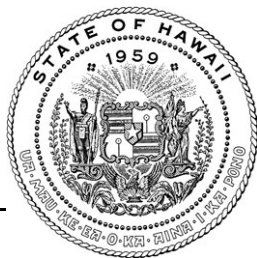
Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to testify on Senate 558, SD1. 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 facilities on various islands. 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, and Oahu. 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.





**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

DANE K. WICKER
DEPUTY DIRECTOR

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 18, 2025
10:01 AM
State Capitol, Conference Room 211

In consideration of
SB 558, SD1
RELATING TO VALUE-ADDED PRODUCTS

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee:

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports the intent of SB558, SD1, 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 SD1:

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, Hawaii Island, Maui, and Molokai 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 SD1

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, SD1 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.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Ways and Means
Tuesday, February 18, 2025, at 10:01 a.m.

By

Della Teraoka

Interim Vice President for Community Colleges
University of Hawai'i System

SB 558 SD1 – RELATING TO VALUE-ADDED PRODUCTS

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The University of Hawai'i supports the intent of SB 558 SD1, which establishes under the Agribusiness Development Corporation a "food and product innovation network" providing access to facilities, resources, expertise and education to capitalize on the "Made in Hawai'i", "Produced in Hawai'i", or "Processed in Hawai'i" brand, critical to meet the State's agricultural and economic diversification goals.

Synergies between partner and primary network members can expand access statewide, and leverage resources while avoiding unnecessary duplication in support of innovation and business development.

Critical to the success of exports and commercialization of value-added products is the establishment of facilities with the capacity to support growing businesses in scaling up production, to support economic diversification through off-shore markets in all counties, supporting commodities and off-grades in each region.

The University of Hawai'i supports the intent of SB 558 SD1, on the condition its passage does not replace or adversely impact priorities as indicated in our BOR Approved Budget.

Thank you for the opportunity to provide testimony in support of SB 558 SD1.

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 SENATE COMMITTEE ON WAYS AND MEANS
February 18, 2025
10:01 a.m.
Conference Room 211 & Videoconference

SENATE BILL NO. 558 SD1
RELATING TO VALUE-ADDED PRODUCTS

Chairperson Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Agribusiness Development Corporation (ADC) **supports** Senate Bill No. 558 SD1, which establishes a Food and Product Innovation Network (FPIN) within ADC and 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 allow us to better 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.

**Testimony to the Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

**Tuesday, February 18, 2025, at 10:01AM
Conference Room 211 & Videoconference**

RE: SB558 SD1 Relating to Value-Added Products

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 558 Senate Draft 1 (SB558 SD1), 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.

SB558 SD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

The proposed food and product innovation network will strengthen Hawaii's agricultural and economic diversification. By leveraging the "Made in Hawaii" brand, it helps businesses create quality products and scale production. Access to manufacturing equipment and expertise enables entrepreneurs to move efficiently from research to commercialization, enhancing local and global competitiveness.

This bill establishes a statewide network of open-access food and product development facilities across Kauai, Hawaii, Maui, and Oahu. These centers provide business training, branding support, and specialized equipment to boost exports, streamline production, and ensure certification compliance. The Chamber supports this bill as a vital investment in Hawaii's economy, fostering innovation, job growth, and long-term sustainability.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 558 Senate Draft 1. Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
Tuesday, February 18, 2025 AT 10:01 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the committee on Ways and Means

SUPPORT SB558 SD1 RELATING TO VALUE-ADDED PRODUCTS

The Maui Chamber of Commerce **SUPPORTS SB558 SD1** which establishes a Food and Product Innovation Network within the Agribusiness Development Corporation (ADC) to support Hawaii's agricultural and economic diversification goals.

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 SD1** 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.



SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, February 18, 2025 – 10:01 a.m.
Conference Room 211 & Videoconference

NOTICE OF DECISION MAKING

SB 558 SD1 – RELATING TO VALUE-ADDED PRODUCTS

SUPPORT

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)

Ulu pono Initiative

College of Tropical
Agriculture and Human
Resilience - University of
Hawai'i at Manoa

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Local Food Coalition **SUPPORTS** SB 558 SD1, 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 SD1 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 SD1.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, February 18, 2025 — 10:01 a.m.

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

Dear Chair Dela Cruz and Members of the Committee:

My name is Mariah Yoshizu, and I am the Government Affairs Associate 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 1, which establishes a food and product innovation network within the Agribusiness Development Corporation.

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,

Mariah Yoshizu
Government Affairs Associate

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>



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February 18, 2025

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 558, SD1
RELATING TO VALUE-ADDED PRODUCTS

Conference Room 211 & Videoconference
10:01 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, 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, SD1, 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.



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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 Ways and Means
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

LATE

DATE: February 18, 2025
TIME: 10:01am

RE: SB558 SD1 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.

SB-558-SD-1

Submitted on: 2/16/2025 7:42:56 PM

Testimony for WAM on 2/18/2025 10:01:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|---------------------------|
| Ruth Love | Individual | Support | Written Testimony Only |

Comments:

Am happy to see collaboration to encourage small businesses.

Thank you

Ruth Love