



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 26, 2021

9:30 AM

Conference Room #211

In consideration of

SB 263, SD 1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committees.

The Department of Business, Economic Development and Tourism offers comments on SB263, SD1, that transfers oversight of the Made-in-Hawaii program as it relates to non-agricultural products to the Department of Business, Economic Development, and Tourism (DBEDT) from the Department of Agriculture (DOA).

- DBEDT works closely with the DOA to ensure compliance with the statute regarding “made in Hawaii” products. However, the regulatory aspects of the bill would be better served by remaining with DOA.
- DOA has been assigned HRS486-119 for several years and it may be confusing to the general public to have two departments in charge of the designation.
- The tag line “Made in Hawaii with Aloha” was created and trademarked by DOA. DBEDT works with DOA in its use to brand Hawaii made products.
- The DOA does not have any budget for operations, promotion or enforcement of the “Made in Hawaii with Aloha.” To ensure an operable “made in Hawaii” program, funding in the amount of \$150,000 would be required in each year of the biennium.

Thank you for the opportunity to testify.



LATE

Hawaii Technology Development Corporation
521 Ala Moana Blvd, Ste 255 | 808-539-3806
Honolulu, Hawaii 96813 | www.htdc.org

Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
Senate Committee On Ways and Means
Friday, February 26, 2021
9:30 a.m.
Videoconference

In consideration of
SB263, SD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports the intent** of SB263, SD1 that transfers oversight of the "Made-in-Hawaii" program as it relates to manufactured products to the department of business, economic development, and tourism; places the "Grown in Hawaii with Aloha" program under the management of the department of agriculture. Transfers ownership of the "Made in Hawaii with Aloha Trademark" from the department of agriculture to the Hawaii Technology Development Corporation; and appropriates \$150,000 to the department of business, economic development, and tourism.

HTDC works closely with DBEDT Business Development Support Division and looks forward to working together to promote "Made in Hawai'i". HTDC points out the bill is a little unusual in that the program and appropriation are in DBEDT and the trademark is transferred to HTDC. HTDC defers to the department on the most efficient way to implement the program. HTDC also suggests clarification on the 51% intellectual property cited in the bill. HTDC defers to the department on the Grown in Hawai'i program.

HTDC looks forward to working with all stakeholders in moving forward local manufacturing. HTDC supports this bill provided it does not supplant the priorities in the Administration's budget. Thank you for the opportunity to offer these comments.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

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LATE

TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 26, 2021
9:30 A.M.
VIA VIDEOCONFERENCE

SENATE BILL NO. 263 SD1
RELATING TO ECONOMIC DEVELOPMENT

Chairpersons Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

Thank you for the opportunity to present testimony on Senate Bill 263. This bill, as described, would:

- Transfer oversight of the "Made-in-Hawaii" program as it relates to non-agricultural products to the department of business, economic development, and tourism (DBEDT);
- Place the "Grown in Hawaii with Aloha" program under the management of the department of agriculture; and
- Transfer ownership of the "Made in Hawaii with Aloha Trademark" from the department of agriculture to the Hawaii Technology Development Corporation.

The Department of Agriculture ("Department") offers comments on this measure.

The Department oversees the License Agreements and owns the Trademarks "Made in Hawaii with Aloha" and "Grown in Hawaii with Aloha". Per HRS 486-119, a company can create a logo or use the wording "Made in Hawaii" or "Produced in Hawaii" or "Processed in Hawaii" to identify their product, provided it meets the conditions set forth in the statute. Doing so does not require the oversight from or a License Agreement with the Department. The bill appears to confuse the Department's ownership of trademarks with Department programs, and the resultant statutory language may have unintended effects. The Department notes that nothing



currently prevents DBEDT or any other entity from promoting the use of the “Made in Hawaii with Aloha” trademark.

The Department owns the “Grown in Hawaii with Aloha” logo and Trademark to prevent another entity from claiming ownership. The Department is concerned that the proposed “Grown in Hawaii Program” in this measure may impact and overlap with its Seal of Quality branding program, established by HAR 4-135, which promotes products that are Hawaii-grown and identifies genuine Hawaii products.

The Department is concerned about the alteration of the formula by which a business may be authorized to use the trademark. As currently written, the formula considers only wholesale value; there is no provision to include the cost of ingredients or profit margin into account. Raising the percentage to 60% of wholesale cost could add difficulty to qualifying.

The Department defers to testimony submitted by DBEDT on the bill’s impacts on its operations. HDOA works closely with the High Technology Development Corporation to promote Hawaii made products.

Thank you for the opportunity to testify on this measure.



LATE

Cindy Goldstein, PhD
Hawaiian Craft Brewers Guild
98-814 C Kaonohi Street
Aiea, HI 96701

SB263_SD1 Made in Hawaii, Grown in Hawaii program
Senate Committee on Ways and Means
Friday, February 26, 2021 at 9:30 a.m. CR211 & Videoconference

Position: **Strongly Support**

Chair Senator Donovan Dela Cruz, Vice Chair Senator Gilbert Keith-Agaran, and members of the Senate committee on Ways and Means,

The Hawaiian Craft Brewers Guild is a nonprofit trade organization representing the interests of small craft breweries across the State of Hawaii. Our members are independent craft breweries producing 100% of their beer in Hawaii. The Hawaiian Craft Brewers Guild represents 18 small craft brewery businesses from across the state, almost all of the craft beer producers in Hawaii. Our members are united in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

The Hawaiian Craft Brewers Guild and our member breweries embrace the responsible consumption of alcohol.

Made in Hawaii, Grown in Hawaii Programs

The Hawaiian Craft Brewers Guild strongly supports SB263_SD1 to establish a Made in Hawaii program under DBEDT for products manufactured in Hawaii. The mission of the Hawaiian Craft Brewers Guild includes differentiation of craft beer made 100% in Hawaii to increase awareness for consumers. Many visitors and Hawaii residents alike seek out products made in Hawaii and this would further the goal to make it easier for customers to find and identify craft beer and other products manufactured in Hawaii.

Manufacturing is a small sector of Hawaii's economy. Our members are small independent craft beer manufacturers that have chosen to locate their businesses in Hawaii and are producing craft beer 100% in Hawaii. The costs of production are much higher than on the mainland, 30 to 40% higher by the time cost of ingredients, equipment and infrastructure and other items are factored in. This is a positive step to promote more manufacturing by businesses that choose to carry out their production in Hawaii.

We support funding for Made in Hawaii that includes promotion. Creating awareness that helps consumers selectively differentiate a produce manufactured in Hawaii is an important component to make this successful.

While the HCBG supports the good work done by the Hawaii Dept of Agriculture for the Grown in Hawaii programs, our members are not able to meet the standards to receive this label. Hawaii's craft beer manufacturers include many locally grown ingredients in their beer including coffee, cacao, lilikoi, mango, and other fruits. The main ingredients of beer; barley and other grains and hops, are not able to be grown in Hawaii in large enough amounts to meet a 51 percent or 60 percent standard for Grown in Hawaii. This is another reason why we strongly support this measure to have a Made in Hawaii label program for manufacturing in Hawaii.

We request the Senate Committee on Ways and Means pass this bill. Mahalo for considering our Hawaiian Craft Brewers Guild testimony in support of SB263_SD1.



LATE

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SB263_SD1 Made in Hawaii, Grown in Hawaii program
Senate Committee on Ways and Means
Friday, February 26, 2021 at 9:30 a.m. CR211 & Videoconference

Position: **SUPPORT WITH AMENDMENTS**

I am Steve Haumschild, CEO and founder of Lanikai Brewing Company located in Kailua Hawaii. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

We are supportive of SB263_SD1 with amendments to continue a Made in Hawaii program under the guidance of DBEDT. It aligns directly with local manufacturers like us that make our products in Hawaii and helps support authenticity in products to offset the massive costs of production in Hawaii from shipping to utilities to regulation. So this positively impacts local manufacturing that assists to create local jobs and support local families.

SB263_SD1 language of ... "made in Hawaii" as an advertising or media tool for any craft non-agricultural 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, production within the State, including Hawaii-sourced goods, services, and intellectual property."

Our recommended amendments are to strike out "assembled" from this list. The root of this request is that a manufacturer could import inexpensive products made outside of Hawaii and use Hawaii labor to assemble them and still meet the 51% criteria. This seems to fall under "assembled in Hawaii" verses "Made in Hawaii". Assembling components from outside of our State and calling it made in Hawaii obfuscates something being "made"

Thank you for the opportunity to testify in support of SB263_SD1 with amendments

Steve Haumschild, MBA
Steven R Haumschild

CEO & Brewmaster

Certified Cicerone®

Lanikai Brewing Company, Island Inspired™ Craft Beer

Brewery @ 175-C Hamakua Dr, Kailua, HI 96734

Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734 everyday 11a-10p

Lanikai Brewing Company, Island Inspired™ Craft Beer

Brewery @ 175-C Hamakua Dr, Kailua, HI 96734

Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734 M-F 4p-10p, S-S 11a-10p

FB: Lanikai Brewing Company, Instagram: @lanikaibrewing