

Honolulu, Hawaii

FEB 15 2023

RE: S.B. No. 113

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 113 entitled:

"A BILL FOR AN ACT RELATING TO THE LABELING OF PRODUCTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that in calculating whether a product labeled "Made in Hawaii" has met the requirement that at least fifty-one percent of the wholesale value of the product is added by manufacture, processing, or production within the State, operating and overhead expenses incurred and spent within the State shall be included; and
- (2) Appropriate funds to promote and develop the "Made in Hawaii" brand.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism. Your Committee received comments on this measure from Retail Merchants of Hawaii.

Your Committee finds that under existing law, craft items sold or offered for sale in the State that are labeled as "Made in Hawaii" must have at least fifty-one percent of its wholesale



value added by manufacture, assembly, fabrication, or production within the State. However, it is unclear what expenses may be attributed to the "production" of a craft item for the purposes of meeting the fifty-one percent threshold. This measure clarifies that the operating and overhead expenses incurred in producing a craft item are included in calculating whether it qualifies for the "Made in Hawaii" label.

Your Committee acknowledges the testimony of the Department of Business, Economic Development, and Tourism (DBEDT), which notes that the clarification made by this measure applies only to the Department of Agriculture's "Made in Hawaii" labeling program and does not address DBEDT's similar "Hawaii Made" labeling program. The requirements for the "Hawaii Made" program are nearly identical to the "Made in Hawaii" program and therefore, any amendments made to one program should also be made to the other.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language amending section 201-3.5, Hawaii Revised Statutes, to apply the production requirements to DBEDT's "Hawaii Made" program for non-perishable goods; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 113, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



JARRETT KEOHOKALO, Chair



