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# A BILL FOR AN ACT

RELATING TO VALUE-ADDED PRODUCTS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that establishing a food  
2 and product innovation network is critical to meeting the  
3 State's agricultural and economic diversification goals. The  
4 network will allow businesses in the State to capitalize  
5 globally on the "made in Hawaii", "produced in Hawaii", or  
6 "processed in Hawaii" brand; create world-class products; and  
7 scale up production by providing the businesses with access to a  
8 diverse suite of manufacturing equipment and industry expertise.

9           Accordingly, the purpose of this Act is to establish a  
10 statewide network of open-access food and value-added product  
11 development facilities to enable businesses to scale up new  
12 products from research and development to manufacturing and  
13 commercialization.

14           SECTION 2. Chapter 163D, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:



1            "§163D-            Food and product innovation network;  
2 established.   (a) There is established within the corporation  
3 the food and product innovation network. The purpose of the  
4 food and product innovation network shall be to:

5            (1) Allow businesses in the State to capitalize globally  
6            on the "made in Hawaii", "produced in Hawaii", or  
7            "processed in Hawaii" brand, pursuant to  
8            section 486-119;

9            (2) Create world-class products; and

10           (3) Scale up production by providing businesses with  
11           access to a diverse suite of manufacturing equipment  
12           and industry expertise.

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

15           (1) The department of education food and product  
16           innovation center in Kekaha, on the island of Kauai;

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

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



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

4       (c) The food and product innovation network shall:

5       (1) Offer a range of resources to support innovation and  
6       business development, including courses and events  
7       relating to food and value-added product development,  
8       entrepreneurship, marketing, branding, business  
9       management, workforce development, intellectual  
10      property protection, and other related topics;

11      (2) Provide new product development support from  
12      early-stage trials to commercialization by  
13      establishing a network of facilities that have  
14      equipment of various scales, providing expert advice,  
15      and offering resources tailored to the regional  
16      economies;

17      (3) Provide low-risk commercial production with  
18      appropriate certifications for exporting products and  
19      selling products locally;

20      (4) Provide recommendations on process optimization by  
21      offering advice and networking, identifying and



1           testing equipment, planning trials, and analyzing  
2           results;

3           (5) Increase exports by securing facilities and developing  
4           compliance programs for off-shore markets; provided  
5           that each county shall have not more than two food and  
6           product innovation network facilities that produce  
7           products labeled "made in Hawaii", "produced in  
8           Hawaii", or "processed in Hawaii" pursuant to  
9           section 486-119;

10          (6) Create and implement programs that promote  
11          entrepreneurial development to grow the State's  
12          economy; and

13          (7) Prepare businesses to scale up and to achieve  
14          autonomous business success and sustainability.

15          (d) No later than twenty days prior to the convening of  
16 each regular session, the food and product innovation network  
17 shall submit a report to the legislature that includes:

18          (1) A description of the food and product innovation  
19          network's activities and progress in the preceding  
20          year, including the activities and progress of primary



- 1           members and partner members, in response to the
- 2           directives established pursuant to subsection (c);
- 3       (2) An assessment of any progress made in growing the
- 4           State's agriculture industry, food industry, and
- 5           related industries, and in meeting the State's food
- 6           security goals; and
- 7       (3) Any proposed legislation."

8           SECTION 3. Section 163D-2, Hawaii Revised Statutes, is  
 9 amended by adding two new definitions to be appropriately  
 10 inserted and to read as follows:

11           "Partner member" means an open-access food and value-added  
 12 product development facility that is part of the food and  
 13 product innovation network but is not managed or operated by the  
 14 corporation.

15           "Primary member" means an open-access food and value-added  
 16 product development facility that is part of the food and  
 17 product innovation network and is managed and operated by the  
 18 corporation."

19           SECTION 4. Section 163D-4, Hawaii Revised Statutes, is  
 20 amended by amending subsection (b) to read as follows:

21           (b) The corporation shall [~~develop~~]:



1       (1) Develop, promote, assist, and market agricultural  
 2           products for local consumption, and shall promote and  
 3           assist in commercial export of agricultural  
 4           products[-]; and

5       (2) Oversee the food and product innovation network  
 6           pursuant to section 163D-     ; provided that the  
 7           responsibilities and operations of each partner member  
 8           shall remain with the partner member."

9       SECTION 5. In accordance with section 9 of article VII of  
 10   the Hawaii State Constitution and sections 37-91 and 37-93,  
 11   Hawaii Revised Statutes, the legislature has determined that the  
 12   appropriations contained in Act 164, Regular Session of 2023,  
 13   and this Act will cause the state general fund expenditure  
 14   ceiling for fiscal year 2024-2025 to be exceeded by  
 15   \$            or            per cent. This current declaration takes  
 16   into account general fund appropriations authorized for fiscal  
 17   year 2024-2025 in Act 164, Regular Session of 2023, and this Act  
 18   only. The reasons for exceeding the general fund expenditure  
 19   ceiling are that:

20       (1) The appropriation made in this Act is necessary to  
 21           serve the public interest; and



1 (2) The appropriation made in this Act meets the needs  
2 addressed by this Act.

3 SECTION 6. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2024-2025 for  
6 the food and product innovation network established pursuant to  
7 this Act, including:

8 (1) \$ for a food and product innovation facility  
9 on the island of Molokai; provided that the facility  
10 shall utilize axis deer for producing food and  
11 value-added products, including leather and  
12 pharmaceuticals;

13 (2) \$ for a food and product innovation facility  
14 on the island of Oahu;

15 (3) \$ for an open-access food and value-added  
16 product development facility in Hilo on the island of  
17 Hawaii;

18 (4) \$ for an open-access food and value-added  
19 product development facility in Kailua-Kona on the  
20 island of Hawaii; and



1           (5) \$                   for the establishment of one full-time  
2                                   equivalent (1.0 FTE) position.

3           The sum appropriated shall be expended by the agribusiness  
4 development corporation for the purposes of this Act.

5           SECTION 7. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7           SECTION 8. This Act shall take effect on July 1, 2050.



**Report Title:**

ADC; Economic Development; Food and Product Innovation Network;  
Food Security; General Fund Expenditure Ceiling Exceeded;  
Appropriation

**Description:**

Establishes a food and product innovation network within the Agribusiness Development Corporation. Declares that the appropriation exceeds the state general fund expenditure ceiling for 2024-2025. Makes an appropriation for food and product innovation facilities on the islands of Molokai, Oahu, and Hawaii. Effective 7/1/2050. (SD2)

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