



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

**JOSH GREEN, M.D.**  
GOVERNOR

**CHRIS J. SADAYASU**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

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Statement of  
**CHRIS J. SADAYASU**  
Director

Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Tuesday, February 28, 2023  
10:00 AM  
State Capitol, Conference Room 211

In consideration of  
**SB113 SD1**  
**RELATING TO THE LABELING OF PRODUCTS.**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports SB113 SD1 which adds language to HRS 201-3.5(c) and HRS 486-119(a) to clarify that in calculating whether a product labeled "Made in Hawai'i" has met the requirement that at least fifty-one per cent of the wholesale value of the product is manufactured, processed, or produced within the state that operating and overhead expenses incurred and spent within the state shall be included. This bill also provides funding in the amount of \$150,000 for the promotion and development of the Made in Hawai'i brand.

The inclusion of operating and overhead expenses incurred and spent within the state in the Made in Hawai'i calculation will allow more firms to qualify for its products to be labeled "Made in Hawai'i." This policy is consistent with federal EXIM Bank guidelines.

The Made in Hawai'i brand is a valuable asset to the state in promoting products made in Hawai'i. According to the National Association of Manufacturers, in 2019, the value of products manufactured in Hawai'i was \$1.66 billion. Most of Hawai'i's manufacturers could benefit from a vibrant Made in Hawai'i brand promotion.

Thank you for the opportunity to testify.

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

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

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS**

**TUESDAY, FEBRUARY 28, 2023**  
**10:00 AM**  
**CONFERENCE ROOM 211 & VIDEOCONFERENCE**

**SENATE BILL NO. 113 SD1**  
**RELATING TO THE LABELING OF PRODUCTS**

Chair Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 113 SD1. This bill clarifies that operating and overhead expenses incurred and spent within the State shall be included in calculating whether a product labeled "Hawaii Made" or "Made in Hawaii (with Aloha)" has met the requirement that at least fifty-one per cent of the wholesale value of the product is added by manufacture, processing, or production within the State. The bill appropriates funds to the Department of Business, Economic Development and Tourism (DBEDT) to promote and develop the "Made in Hawaii" brand (DBEDT's brand is "Hawaii Made"). The Department of Agriculture (Department) offers comments.

The Department's Measurement Standards Branch is designated to implement and enforce Chapter 486, Hawaii Revised Statutes (HRS), including the enforcement of labeling for perishable items, per section 486-119, HRS, the "Made in Hawaii with Aloha" program. DBEDT has its own mandate in section 201-3.5 (c), HRS, the "Hawaii Made" brand, where they promote and market non-perishable goods. There is no enforcement provision for section 201-3.5, HRS. Enforcement can be optional for a



brand focused on promoting and marketing products broadly. Including operating and overhead expenses in the calculation of at least fifty-one percent of the value added by manufacture, assembly, fabrication, or production within the state makes sense, as it will allow substantially more businesses to participate in DBEDT's brand.

- Operating expenses are the result of a business's normal operations, such as materials, labor, and machinery involved in production.
- Overhead expenses are all costs on the income statement except for direct labor, direct materials and direct expenses. Overhead expenses include accounting fees, advertising, insurance, interest, legal fees, labor burden, rent, repairs, supplies, taxes, telephone bills, travel expenditures, and utilities.

These are two separate programs with two separate HRS Chapters and different purposes. The Department respectfully requests that they remain separate, with the DBEDT brand in section 201-3.5, HRS applying a different formula that includes operating and overhead expenses incurred and spent within the state to be considered in the calculation of at least fifty-one percent of its wholesale value that is added by manufacture, assembly, fabrication, or production within the state; and the formula for the Department's program in section 486-119, HRS, to remain as is (businesses cannot include operating and overhead expenses to reach the fifty-one percent requirement).

By adding the production costs to include operating and overhead expenses incurred and spent within the state, this bill would allow substantially more businesses to qualify for the threshold of fifty-one percent in section 486-119, HRS. The Measurement Standards Branch is tasked to provide enforcement for many programs that the Department manages, including proper labeling for coffee, macadamia nut, mamaki tea, and potentially hemp, as well as for other Hawaii grown products and respectfully requests that its statute remain unchanged and DBEDT's section 201-3.5, HRS brand and the Department's 486-119 program be maintained separately.

Also, DBEDT's appropriation should be for the "Hawaii Made" brand (not "Made in Hawaii").

Thank you for the opportunity to testify on this measure.



HAWAII FOREST INDUSTRY ASSOCIATION (HFIA)

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Email: [hfia@hawaiiiforest.org](mailto:hfia@hawaiiiforest.org)  
Website: [www.hawaiiiforest.org](http://www.hawaiiiforest.org)

**Date:** 02/24/2023

**TO:** Chair Dela Cruz, Vice Chair Keith-Agaran and WAM Committee Members

**FROM:** the Hawai'i Forest Industry Association (HFIA)

**SUBJECT:** In Support of SB113 SD1 Relating to the Labeling of Products

Dear Chair Dela Cruz and committee members,

On behalf of the Directors and members of the Hawai'i Forest Industry Association (HFIA), please support SB113 SD1 Relating to the Labeling of Products.

Roughly 45% of HFIA's 130 members are wood artisans (wood turners, furniture makers, etc.), wholesalers (primarily lumber) or wood product retailers/galleries. Every year, HFIA hosts the annual Hawaii's Wood Show in Honolulu, in which local artisans enter and are required to use locally sourced woods. We, as an organization made up of a Board of Directors, staff and members, take pride in this event.

Furthermore, HFIA has also established "Hawaii's Wood Brand". The Hawaii's Wood Brand represents fine items made from wood grown in the Hawaiian Islands. HFIA members who want to participate in the program and brand their items must agree to only brand items that meet the following criteria: Made in Hawai'i; Well-made and of good quality; and Made predominantly of woods that are grown in Hawai'i. Hawaii's Wood Brand not only highlights quality craftsmanship and the richness of Hawai'i's woods, but it also reduces the carbon footprint of wood products created and sold by participating HFIA members. Additionally, it reduces the reliance on imported finished wood products or imported materials for wood products, keeping the money of Hawai'i's craftsmen and consumers circulating in our local economy, rather than directing it to off island entities.

We hope that you will support SB113SD1 and that other areas of commerce will follow suit in an effort to produce and offer genuine, locally crafted products, using locally sourced materials as often as possible.

Mahalo for your time and consideration,

Guy Cellier, Acting President

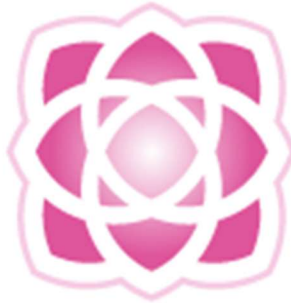
Hawaii Forest Industry Association

*Established in 1989, HFIA's is a nonprofit organization founded by people committed to sustainable forest management. 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: Acting President/Vice-President Guy Cellier, Secretary Peter D. Simmons, Treasurer Wade Lee  
Directors: Thomas Calhoun, Jeremy Campbell, Aaron Hammer, Nickolas Koch, Tai Lake, Michael Sowards, Irene Sprecher, Michael Tam, Jorma Winkler, Ron Wolfe, Aileen Yeh

**LATE**



**MAUI**  
CHAMBER OF COMMERCE  
**VOICE OF BUSINESS**

**HEARING BEFORE THE SENATE COMMITTEE ON  
WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
TUESDAY, FEBRUARY 28, 2023 AT 10:00 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the committee on Ways and Means

**SUPPORTING SB113 SD1 RELATING TO THE LABELING OF PRODUCTS**

The Maui Chamber of Commerce **supports SB113 SD1** which clarifies that in calculating whether a product labeled "Made in Hawaii" has met the requirement that at least fifty-one per cent of the wholesale value of the product is added by manufacture, processing, or production within the State, where "production" includes operating and overhead expenses incurred and spent within the State. Also, it appropriates funds to promote and develop the "Made in Hawaii" brand.

The Chamber understands that Hawaii has long had a 51% valuation and this is important because many of the materials or packaging needed to make products in Hawaii are not manufactured here. The Maui Chamber of Commerce has been certifying products of local origin since 1982, which has been used by local manufacturers in three key efforts - first to certify it is product made in the region; second, to participate in trade shows featuring locally made products with a 51% valuation (initially Made In Maui trades shows and now the Made In Maui County Festival and the Made In Hawaii show), and third to certify local origin for exported products. Including operating and overhead expenses incurred within the State helps local manufacturers meet the 51% criteria.

For this reason, we **support SB113 SD1** and request it be passed.

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-113-SD-1**

Submitted on: 2/26/2023 10:41:52 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ken Farm	Individual	Support	Written Testimony Only

Comments:

Position: Strong Support

Please pass SB113 SD1 out of this committee this is a way to protect the "Hawaii Brand".

Mahalo,

Ken Farm