

ACT 237

H.B. NO. 774

A Bill for an Act Relating to Value-Added Products.

Be It Enacted by the Legislature of the State of Hawaii:

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

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

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

"§163D- Food and product innovation network; established. (a) There is established within the corporation the food and product innovation network. The network shall operate under a centralized coordination structure administered by the corporation to ensure alignment in standards, programming, and strategic direction across all facilities statewide. The purpose of the food and product innovation network shall be to:

- (1) Allow businesses in the State to capitalize globally on the "Hawaii made", "made in Hawaii", "produced in Hawaii", or "processed in Hawaii" brand, pursuant to section 486-119;
 - (2) Create world-class products; and
 - (3) Scale up production by providing the businesses with access to a diverse suite of manufacturing equipment and industry expertise.
- (b) Partner members of the food and product innovation network shall include:
- (1) Future facilities to be developed on lands set aside by executive order to the 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, Molokai, and Oahu 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.
- (c) The food and product innovation network shall:
- (1) Offer a range of resources within the wider network to support innovation and business development, including courses and events relating to food and value-added product development, entrepreneurship, marketing, branding, business management, workforce development, intellectual property protection, and other topics;
 - (2) Provide new product development support from early-stage trials to commercialization by establishing a network of facilities with equipment of various scales, providing expert advice, and offering resources tailored to the regional economies;
 - (3) Provide low-risk commercial production with appropriate certifications for exporting products and selling products locally;
 - (4) Provide recommendations on process optimization by offering advice and networking, identifying and testing equipment, planning trials, and analyzing results;
 - (5) Increase exports by securing facilities and developing compliance programs for off-shore markets; provided that each county shall have no more than two food and product innovation network facilities that produce products labeled “Hawaii made”, “made in Hawaii”, “produced in Hawaii”, or “processed in Hawaii” pursuant to section 486-119;
 - (6) Develop entrepreneurs to grow the State’s economy;
 - (7) Prepare businesses to scale up and achieve autonomous business success and sustainability;
 - (8) Establish pathways from early-stage innovation through commercialization, including pilot testing, certification, and support for accessing capital and distribution channels;
 - (9) Facilitate partnerships with research institutions, educational organizations, and private sector partners to strengthen innovation pipelines, technology transfer, and applied research opportunities; and
 - (10) Engage with national and international partners, including foreign innovation networks, to support shared learning, exchange of best practices, and cooperative programming that advances innovation, sustainability, and commercialization outcomes.
- (d) No later than twenty days prior to the convening of each regular session, the corporation, on behalf of the food and product innovation network, shall submit a report to the legislature that includes:
- (1) A description of the food and product innovation network’s activities and progress in the preceding year, including the activities and progress of primary members and partner members, in response to the directives established pursuant to subsection (c);
 - (2) An assessment of any progress made in growing the State’s agriculture industry, food industry, and related industries, and in meeting the State’s food security goals; and
 - (3) Any proposed legislation.”

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

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

“Primary member” means an open-access food and value-added product development facility that is part of the food and product innovation network and is managed and operated by the corporation.”

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

“(b) The corporation shall [~~develop~~];

(1) Develop, promote, assist, and market agricultural products for local consumption[~~;~~ and ~~shall promote~~];

(2) Promote and assist in commercial export of agricultural products[~~;~~];
and

(3) Oversee the food and product innovation network pursuant to section 163D- ; provided that the responsibilities and operations of each partner member shall remain with the partner member.”

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$385,289 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 to defray costs associated with the implementation of the food and product innovation network, including:

- (1) \$172,884 for two full-time equivalent (2.0 FTE) positions; and
- (2) \$212,405 for other operating expenses.

The sums appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

SECTION 7. This Act shall take effect on July 1, 2025.

(Approved June 27, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5.