

STATE OF HAWAII  
 BUSINESS DEVELOPMENT & SUPPORT DIVISION, DEPARTMENT OF BUSINESS,  
 ECONOMIC DEVELOPMENT & TOURISM

**BUY HAWAII, GIVE ALOHA PORTAL SITE**

**MADE IN HAWAII VALUATION**

By submitting this formula, you are certifying that all of the information is true and correct. There are three components of product cost:

- Direct Material Cost— raw materials, distinguished by origin, imported or Hawaiian;
- Direct Labor Cost — the cost of workers who add value to a product through their direct involvement in the production process here in Hawaii; and
- Manufacturing Overhead Cost — indirect manufacturing costs incurred in Hawaii, which includes:
  - Indirect labor costs – wages of employees not directly involved in product, including
  - Wages for employees performing equipment maintenance and repairs;
  - Wages for production supervisors; and
  - Wages for personnel supporting production such as quality control inspectors.

**EXAMPLE FORMULA**

Cost — per individual unit

Material Cost — Imported	A	\$ 12.00
Hawaii Value Added Material Cost — Hawaii (Locally Produced Materials)	B	\$ 5.00
Direct Labor Cost — Hawaii	C	\$ 7.00
Manufacturing Cost — Hawaii Indirect Material Cost Indirect Labor Cost	D E	\$ 3.50 \$ 3.25
Hawaii Value (B + C + D + E) (\$5.00 + \$7.00 + \$3.50 + \$3.25)	F	\$ 18.75
Product Cost (Wholesale Value) (A + F) (\$12.00 + \$18.75)	G	\$ 30.75
Hawaii Wholesale Value Added (G - A) ÷ G = H%	H	60.98 %
Estimated Retail Selling Price	I	\$ 55.00

## FORMULA WORKSHEET

Cost — per individual unit

Material Cost — Imported	A	\$
Hawaii Value Added Material Cost — Hawaii (Locally Produced Materials)	B	\$
Direct Labor Cost — Hawaii	C	\$
Manufacturing Cost — Hawaii Indirect Material Cost	D	\$
Indirect Labor Cost	E	\$
Hawaii Value (B + C + D + E)	F	\$
Product Cost (Wholesale Value) (A + F)	G	\$
Hawaii Wholesale Value Added $(G - A) \div G = H\%$	H	%
Estimated Retail Selling Price	I	\$