



DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the

**SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
AND  
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

Monday, February 11, 2019  
2:45pm  
State Capitol, Conference Room 414

In consideration of  
**SB 1497**  
**RELATING TO FOOD SAFETY.**

Chairs Wakai and Baker, Vice Chairs Taniguchi and Chang, and Members of the Committees.

The Department of Business, Economic Development and Tourism (DBEDT) **offers comments** on SB 1497, which seeks to ensure the continued viability of the State's sea salt manufacturing industry by providing education and support to local businesses regarding the Food and Drug Administration's industry guidance on colored sea salt.

DBEDT believes that to obtain FDA approval of the color additives used by Hawaii sea salt companies will be a lengthy and costly endeavor. Detailed research, studies and analysis by science and industry experts must be conducted and submitted to the FDA for review. DBEDT estimates the cost of engaging in this process would be a minimum of \$100,000. DBEDT also does not have the technical expertise to assess what is required of a study or evaluate its findings.

Thank you for the opportunity to testify.

## Testimony for the Legislative Bill of State of Hawaii

### SB1497 Year 2019

Our company, H.K. Enterprise Group, Inc. (dba: Hawaii Kai Corporation), 100 Ulili Street, Kaunakakai, Molokai, HI 96748, is one of the largest producers of premium quality and traditional Hawaiian Black and Red sea salts. We started our operation on Molokai in 2004 and very quickly gained national and international repute and recognition, and we grow our business every year. This huge success of premium Hawaiian Black and Red sea salt created employment opportunities for many businesses in the State of Hawaii:

- (1) many jobs in Molokai
- (2) many jobs Kuai
- (3) many jobs in Oahu
- (4) successful many other distribution, retail, co-packing, restaurant and ingredient business within the state of Hawaii.

These businesses serve Hawaii's tourism, export and mainland markets, and have built up a very loyal customer base for the genuine Hawaiian Black and Hawaiian Red sea salt products.

In November 2015, FDA issued a guideline requiring the two colorants in Hawaiian black sea salt and Red sea salt (Activated Charcoal & Hawaiian Red Alaea clay) to be added to the list of approved colorants, which requires filing the Color Additive Petition (CAP) application with the FDA by the sea salt producers & suppliers. This will involve extensive FDA required lab tests and analysis, which are very expensive.

***Note: These colorants have been used by consumers for centuries without any harmful effects to human consumption and were considered Generally Recognized as Safe.***

***FDA in their above-mentioned guidelines specifically called for "colorants" for "Hawaiian Black & Red sea salts", and specifically requires approval for coloring Hawaiian sea salts.***

***FDA's own tests conducted on many samples of our black & red sea salts showed no harmful elements present. However, we have to go through the long and expensive process of approval.***

Since 2015, when the FDA guidance was first issued, the Hawaiian Black and Red sea salt business has suffered a gradual decline. If we do not comply with the FDA requirements this business will be completely destroyed in time, resulting in adversely affecting employments and

export business for the state of Hawaii. (for all the opportunities mentioned in the first paragraph)

Everyone is waiting for the approval by the FDA so that they can continue buying genuine Hawaiian Black and Red sea salt - including influential retailers such as Amazon, Whole Foods, and many others who doesn't want to get in trouble with FDA.

Hawaii Kai Corporation itself has suffered substantial drop in its revenue and hence reduced its employment in Hawaii and also abandoned future plans for expansion and additional employments.

The cost of a successful CAP application process with FDA is very expensive. For small businesses such huge cash outlay will be very impractical and destructive, especially with the major revenue drop that the Hawaiian salt industry is suffering resulting from the current restrictive guidelines by FDA on the Black and Red Hawaiian sea salts.

Thank you for your kind consideration and approval of this bill to save two of Hawaii's popular and traditionally important products.

*Following is our contact information, if you need clarification any points or need more explanation.*

**CONTACT INFORMATION:**

George Joseph  
Mobile: (858) 405-8284  
[gjoseph@hawaiiikaico.com](mailto:gjoseph@hawaiiikaico.com)

**Molokai Operations**  
100 Ulili Street, Kaunakakai, HI 96748



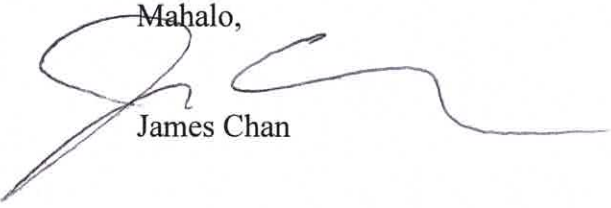
1928 Republican Street Honolulu, HI 96819 Phone: (808) 845-9868 Fax: (808) 848-7848

February 9, 2019

Aloha,

This letter is in support of SB 1497. Hawaii Kai's seasoned salts have been very successful in showcasing Hawaii's manufactured food products to chef's and consumers around the world. To have them go out of business would impact Hawaii from marketing and economic standpoints.

Mahalo,

  
James Chan

## Testimony for the Legislative Bill of State of Hawaii SB1497 Year 2019

I currently work for H.K. Enterprise Group, Inc. (dba: Hawaii Kai Corporation), 100 Ulili St, Kaunakakai, HI 96748 as the Operations Manager. I started with the company back in 2004.

I also wear the hat of an independent salt farmer for our business called Psalty Acres which was set up by Hawaii Kai Corporation under the Salt Master Guild program. The idea was to help equip and train those with large parcels of lands not being utilized, for example leased land from Department of Hawaiian Homelands, to start a salt farm business and diversify their land use and income. Because we had homestead lands, my wife and I decided to sign up for the program. With the approval of DHHL we now have 200 salt boxes (evaporators) on our property that produced about 1000#s of salt a month on sunny months.

In the past we'd normally hire about 2 workers to help us on the salt farm when production was in full swing. Later as the demand grew, we expanded to about 500 salt boxes that would yield about 2500#s a month and hired about 4 workers.

A company that hires 2-4 workers may not seem like a lot but everything is relative. With Molokai's oppressed economic state, with a high percentage on government assistance, limited job opportunities and limited small businesses, every job counts and has an impact on people's lives.

In the past several years the salt demand has become less and less largely due to the FDA requirement for the Black and Red salts of Hawaii Kai Corp. These two salts are the leading sales for the company.

As of today, we are not producing any salts at all for Hawaii Kai Corporation. All 500 boxes have been put on hold and shut down for production. We are basically in a maintenance mode which is unfortunate.

As a side note, 2 of my brothers and I just recently opened up a restaurant called Hiro's Ohana Grill on the grounds of Hotel Molokai on July 17, 2017. We currently employ about 40 employees at the restaurant, mostly part time and I am able to see firsthand the kind of impact it has on people's lives, especially in Molokai. By the way, we also use Hawaii Kai Corporation salts at our restaurant.

All that to say, one job lost on Molokai is way too much to begin with and that we cannot afford.

I strongly urge the State to consider helping to fund this FDA application process. I believe it will benefit us and the many other businesses impacted because of this.

Thank you for your consideration and approval of this bill.

Below is my contact information:



Cameron K. Hiro  
PO Box 414, Hoolehua, Molokai, HI 96729  
808-658-0433