



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

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

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

Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Friday, March 13, 2020
9:45 AM
State Capitol, Conference Room 309

In consideration of
SB 2098, SD1
RELATING TO FOOD SAFETY.

Chair McKelvey, Vice Chair Kitagawa, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) **supports** SB 2098, SD1 which seeks to ensure the continued viability of the State's sea salt manufacturing industry by providing funding to conduct and submit to the FDA research, studies and analysis required to obtain FDA approval of color additives used in Hawaii sea salts.

DBEDT believes to obtain FDA approval, detailed research, studies and analysis by science and industry experts must be conducted and submitted to the FDA for review. According to the salt industry, it is estimated that the cost for such an application to the FDA would be in the neighborhood of \$225,000, of which 50 percent will be paid by the salt industry.

DBEDT supports this bill provided its passage does not replace or adversely impact the priorities indicated in our Executive Budget.

Thank you for the opportunity to testify.

Testimony for the Legislative Bill of State of Hawaii

SB 2098

Year 2020

**To protect the two of the most popular products from State of Hawaii
Hawaiian Red Alaea and Hawaiian Black sea salts
which are also very dear and important to Hawaii's age-old tradition
and culturally important for generations
and to save
existing and potential future employments in the State.**

Our company, Salty Wahine Gourmet Hawaiian Sea Salts 1-3529 Kaumuali'i Highway Unit 2B Hanapepe, Hi. We started our operation on Kauai in 2008 and very quickly gained national and international brand recognition, and we grow our business every year. This success of premium Hawaiian Black and Red Alaea sea salt created employment opportunities for many businesses in the State of Hawaii:

- (1) many jobs on Molokai
- (2) many jobs on Kauai
- (3) many jobs on 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 Alaea sea salt products.

Additionally, and most importantly, salt making is a very culturally and historically important tradition of the state of Hawaii, which could be erased from history if the most popular Red Alaea and Black Hawaiian sea salts are banned forever. The State of Hawaii has already lost its very famous and iconic sugar and Pineapple business forever. We do not want the same fate to happen to the Hawaiian sea salt industry.

In November 2015, FDA issued a guideline requiring the two colorants in Hawaiian black sea salt and Red Alaea 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 – estimated to be \$225,000.

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's own tests

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

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.

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.

- Black and Red Alaea Salt have been our prime products for export. Sales increased by 77% in 2017 and decreased 45% in 2018, and 54% in 2019.

	Export Sales			
2016	2017	2018	2019	
\$165,983	\$294,205	\$162,032	\$75,155	
Growth	77%	-45%	-54%	

- The FDA potential ban on Black and Red Alaea salt has created a substantial issue for Salty Wahine growth. The impact has caused wholesalers and distributors not to buy black or red Alaea salt outside of Hawaii.
- In 2017, Salty Wahine was negotiating to sell Red Hawaiian Alaea Salt in Costco. The FDA ban caused Costco to switch to Himalayan Salt instead – Potential loss of \$3 million in annual sales.
- Salty Wahine has spent marketing and research & development costs for 4 new products in excess of \$200,000 to counter the loss of black and red Alaea salt sales. We have just begun launching these new products.
- The FDA potential ban has caused Salty Wahine to terminate 2 full time employees and convert 1 full time employee to On Call.
- When the Color Additive Petitions for Black and Red Alaea salt are approved by the FDA, we would expect to hire 5 – 10 new full-time employees

The cost of a successful CAP application process with FDA is very expensive.

- *It is estimated to be approximately \$225,000.*
- *The total estimated cost two years ago was less than the above amount.*
- *The most updated quotation from the lab reflects the increase of their operating cost during the last 2 years.*
- *Additionally, a few employees at FDA who were willing to help and familiar with the case & our many meetings with them have left FDA for other jobs, which resulted in the need to hire more experienced Consultants for more hours.*

Hawaiian sea salt industry is a collection of small businesses and such small business group cannot by itself handle such large cash outlay, which 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 on any points or need more explanation.

CONTACT INFORMATION:

Laura Cristobal Andersland

Mobile: (808) 346-2942 e-mail: info@saltywahine.com

www.saltywahine.com

Mail Address: PO Box 829, Hanapepe, HI 96716

Testimony for the Legislative Bill of State of Hawaii

SB 2098

Year 2020

**To protect the two of the most popular products from State of Hawaii
Hawaiian Red and Hawaiian Black sea salts
which are also very dear and important to Hawaii's age-old tradition
and culturally important for years
and to save
existing and potential future employments in the State.**

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 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.

Additionally, and most importantly, the salt making is a very culturally and historically important tradition of the state of Hawaii, which could be erased from the history if the most popular Red and Black Hawaiian sea salts are banned forever. The State of Hawaii has already lost its very famous and iconic sugar and Pineapple business forever. We do not want the same fate to the Hawaiian sea salt industry.

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 – estimated to be \$225,000.

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.

Due to Hawaii Kai’s substantial drop in its revenue it resulted in 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.

- ***It is estimated to be approximately \$225,000.***
- ***The total estimated cost two year ago was less than he above amount.***
- ***The most updated quotation from the lab reflects the increase of their operating cost during the last 2 years.***
- ***Additionally, a few employees at FDA who were willing to help and familiar with the case & our many meetings with them have left FDA for other jobs, which resulted in the need to hire more experienced Consultants for more hours.***

Hawaiian sea salt industry is a collection of small businesses and such small business group cannot by itself handle such large cash outlay, which 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 on any points or need more explanation.

CONTACT INFORMATION:

George Joseph Mobile: (858) 405-8284 e-mail: gjoseph@hawaiiikaico.com

www.Hawaiiikaico.com

Molokai Operations: 100 Ulili Street, Kaunakakai, HI 96748



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
Eddie Asato, The Pint Size Corp., *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schlif, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

TO:

Committee on Economic Development and Business

Rep. Angus L.K. McKelvey, *Chair*

Rep. Lisa Kitagawa, *Vice Chair*

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, *Executive Director*

DATE: March 13, 2020

TIME: 9:45am

PLACE: Conference Room 309

RE: SB2098 SD1 Relating to Food Safety

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Colored sea salt is an important industry in our State and it will probably not survive without the passage of this measure.

Making colored sea salt is culturally and historically significant in Hawaii. It's also an industry that supports jobs and contributes to our economy. Unfortunately, due to an oversight during an FDA rule change in 2015 the traditional ingredients that give Hawaiian salts their color, alea and black lava, were not included in the list of approved additives. Hawaiian sea salt companies have already dedicated years and spent thousands of dollars to get this situation rectified, and now they need the help of their legislators to preserve this industry.

We often talk about diversifying and strengthening Hawaii's economy, and the potential growth in manufacturing in our state. This is an ideal opportunity for the state to support that diversification and growth. We urge you to vote yes on this measure and we thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development and Business
Friday, March 13, 2020 at 9:45 A.M.
Conference Room 309, State Capitol**

RE: SB 2098 SD1, RELATING TO FOOD SAFETY

Chair McKelvey, Vice Chair Kitagawa, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2098 SD1, which appropriates funds to the Department of Business, Economic Development, and Tourism to provide education and support to local businesses regarding the Food and Drug Administration (FDA)'s industry guidance on colored sea salt. This bill would also requires private industry businesses to collectively pay for half of the cost to conduct and submit to the FDA any research, studies, or analysis required for federal FDA approval of color additives used in Hawaii sea salt.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Additionally, as the exclusive representative in Hawaii for the National Association of Manufacturers, the Chamber has created the Manufacturing in Hawaii Initiative. This initiative is led by the Manufacturing in Hawaii Group and made up of business leaders from various fields and industries. Its mission is to enhance the opportunities and competitiveness of doing business in Hawaii by becoming an advocate and voice for the manufacturing industry in the State of Hawaii.

Back in 2015, the FDA issued a guideline that required the two colorants in Hawaiian black sea salt and red sea salt to be added to the list of approved colorants. However, this also includes having to file out the Color Additive Petition application with the FDA, a process which can be very expensive, especially for small manufacturers of sea salt here in Hawaii.

Since this guideline was issued, the Hawaiian black and red sea salt business has suffered a gradual decline, and some companies, have had to resort to developing non-Hawaiian related products to insure continued growth of their companies. SB 2098 would be a first step in helping these companies return to selling these two very important products at their stores.

Thank you for the opportunity to provide testimony in support of this measure.

Testimony for the Legislative Bill of State of Hawaii

SB 2098

Year 2020

My name is Pamela Brousseau, I have been an Independent Sales Representative to the spice and seasoning food Industry for over ten years. My customers are suppliers and distributors of premium spice and herb products to Hawaiian, US markets and export markets. I have been selling genuine Hawaiian Black and Hawaiian Red sea salt products to Hawaiian manufacturers and suppliers. Our customers love the products.

However, due to the FDA guideline issued in 2015 I have lost significant and promising opportunities to sell Hawaiian Black and Red sea salts. And the FDA Guidance has caused my Hawaiian customers; retailers, distributors, food service, ingredient co-packers, to also loose income and the ability to sell a much loved local Hawaiian sea salt product.

The FDA guideline issued in November 2015 requires 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 food colors. This process requires filing the Color Additive Petition (CAP) application with the FDA by the manufacturer and suppliers. This process requires extensive and expensive lab tests and analysis, which are specified by FDA policies.

Hawaiian sea salts are very popular in Hawaii and around the world, which are markets I serve. The Hawaiian Black Sea Salt and Hawaiian Red Sea Salt are the two most popular sea salt products I represent.

Due to the Guidance many of my Hawaiian customers are reluctant to buy these two very popular Hawaiian products due to a procedural technical requirement from FDA. This is an indication that if we do not comply with FDA's requirements, these two products will be soon banned forever. We will lose these very safe, excellent and consumer accepted products, and it will definitely be replaced by other sea salt products from a different region.

I do see great demand and opportunity for the Hawaiian Black and Red sea salt products, and, I do encourage and support this FDA process, and very much looking forward to continuing and increasing my business with Hawaiian Black sea salt and Hawaiian red sea salt.

If you need to contact us, please feel free to do so.

Name: Pamela Brousseau Phone: 1-619-246-3259

LATE

SB-2098-SD-1

Submitted on: 3/12/2020 12:20:42 PM

Testimony for EDB on 3/13/2020 9:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James K. Chan	Hawaiian Chip Company, LLC	Support	No

Comments:

My name is Jimmy Chan and I own and operate the Hawaiian Chip Company. I support SB2098 SD1 because the FDA rules will hinder export revenue for Hawaii food. The manufacturers of the Red and Black Hawaiian salts have the opportunity to generate millions in export revenue as it is a superior product to a similar product, from Himalaya infiltrating, our big box stores around the world and even in Hawaii.

Not having the funding to have the Red and Black clay tested for FDA approval will eliminate companies like the Salty Wahine, Hawaii Kai, and For J's to name a few. While my company does not use this product it will suffer indirectly because the aforementioned companies generate a lot of traffic for the Hawaii food sections in many of the national and international trade shows I attend with them.

Thank you for the opportunity to testify.