



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

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
HEALTH

Monday, February 10, 2020
2:45 PM
State Capitol, Conference Room 414

In consideration of
SB 2098
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) **supports** SB 2098, 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. DBEDT estimates the cost of engaging in this process would be a minimum of \$100,000. DBEDT supports private industry contributing fifty percent of their cost.

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 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

SB-2098

Submitted on: 2/6/2020 1:27:51 PM

Testimony for EET on 2/10/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Janis Tanga	Testifying for For J's Hawaii Inc.	Support	No

Comments:

02/06/2020

Aloha,

My small family business started back in June 2001 and began selling gourmet infused Red 'Alaea Sea Salts in 2003. Our main market is the white flavored pacific sea salts until more people inquired Red 'Alaea Sea Salts. I was born and raised here in Hawaii but never really knew where this red 'alaea came from. It was when I actually met a Hawaiian from Kauai who educated me on the Red 'Alaea. It was then that I have come to respect the value of this special clay that was used in ancient Hawaii. I too want to educate you on how valuable this really is and how important it is to educate the world about this special Red 'Alaea is. Please help us preserve this through supporting the businesses that do share it around the world. I appreciate your time and support.

Much Mahalo!

Janis Tanga (president)

For J's Hawaii

Inc.

340 Ukee Street, Unit #1

Waipahu, HI 96797

website: www.ForJshawaii.com

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What is Hawaiian Red 'Alaea Clay?

Hawaiian Red 'Alaea Clay is a legendary medicinal clay, or a brick red mineral that is very hard. It is found on the island of Kauai (known to be the oldest Hawaiian island formed by volcano activity more than five millions years ago) either in caves in the mountains above Mokiha Ridge or the sea deep down near the reefs. The 'Alaea Clay is found in volcanic veins between layers of lava rock.

The ancient Hawaiians would make a paste of this 'alaea clay and use it on their wounds to draw out toxins. It was their medicine.

What is Hawaiian Red 'Alaea Salt?

It's a mixture of Red 'Alaea Clay and Sea Salt. These salts are believed to be sacred salts, once used in Hawaiian ceremonies to cleanse, purify and in healing rituals for medicinal purposes. It was said that only royalty could consume the 'Red Alaea Salt. Common people couldn't.

Today, these salts are used for cooking and is also used for other purposes. They have become quite popular with the chefs and gourmet cooks around the world, desiring to heighten the flavor of their dishes with the Red 'Alaea Salt from Hawaii. For others it is used to help create a steam vapor to help clear sinuses. Others would create a salt water bath for a body soak to draw out toxins after a workout like running or lifting weights to help relieve sore muscles and body pain. Because the 'Alaea Clay contains nutrients, minerals and large amounts of Ferrous Oxide, it makes a great source of iron, which is vital for our body's blood production and the transportation of oxygen to our muscles and organs. Salt draws out toxins from your body and the Red 'Alaea Clay will absorb the toxins & poisons.

Those of us who live in Hawaii have long been familiar with Red 'Alaea Salt. It's very pretty to look at and it has a very mellow flavor, but to most of us, it's just regular salt colored by a little bit of red coloring. Not so. Only a few Hawaiian families know where to find the red 'alaea clay that gives the salt its hue. They use the clay as a healing agent to draw out toxins from the body. It is found in secret caves on the island of Kauai in mountains above Mokiha Ridge that can be reached only by hiking, and harvesters must dig deep to reach the volcanic vein of earth that contains the clay. The "mother" vein has a darker, redder color, while other branches, the "ohana" (family) are grayer and not as bright red. Not only do the Hawaiians harvest the 'Alaea clay from the mountains but the 2nd source is a volcanic vein that goes into the sea, and harvesters must dive deep to get to it.

The ancient Hawaiians would shave the clay with another rock to make into a powder and mix into salt ponds in Hanapepe thus creating Red 'Alaea Sea Salt. Today this clay would be put into grinding machines to make into powder and put into ovens on very high heat. It is then put into big mixers with sea salt until salt is well coated with the red 'alaea powder. Today Red 'Alaea Sea Salt are sold in Hawaii stores, and on Amazon and Ebay websites.

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

**Testimony for the Legislative Bill of
State of Hawaii SB2098
Year 2020**

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 am also 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 an independent 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 produces about 1000#s of salt a month on sunny months.

Besides ourselves we would hire 2 workers to help us on the salt farm when production was in full swing. Later as the demand grew, we expanded from 200 salt boxes to 500 salt boxes that would yield about 2500#s a month. With the increase of work we hired an additional 2 more 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.

Currently we've cut back to just 1 part time helper because of the slow salt business.

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



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committees on Energy, Economic Development, and
Tourism and Commerce, Consumer Protection, and Health
Monday, February 10, 2020 at 2:45 P.M.
Conference Room 414, State Capitol**

RE: SB 2098, RELATING TO FOOD SAFETY

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2098, 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 require that Hawaii sea salt industry companies will collectively pay for half of the cost to conduct a study regarding the FDA's 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

**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

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Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
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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 Energy, Economic Development, and Tourism and Committee on Commerce, Consumer Protection, and Health
Senator Glenn Wakai and Senator Rosalyn H. Baker, Chairs
Senator Brian T. Taniguchi and Senator Stanley Chang, Vice Chairs

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 10, 2020
TIME: 2:45pm
PLACE: Conference Room 414



RE: SB2098 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 a 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.