JOSH GREEN, M.D. GOVERNOR

> SYLVIA LUKE LT. GOVERNOR

JAMES KUNANE TOKIOKA DIRECTOR

> DANE K. WICKER DEPUTY DIRECTOR



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

ka 'oihana ho'omohala pā'oihana, 'imi waiwai A ho'omāka'ika'i

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Statement of James Kunane Tokioka Director Department of Business, Economic Development, and Tourism before the HOUSE COMMITTEE ON FINANCE

> Monday, February 24, 2025 10:00 AM State Capitol, Conference Room 308

### In consideration of HB650, HD1 RELATING TO SEA SALT PRODUCTS.

Chair Yamashita, Vice Chair Takenouchi and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) <u>offers</u> <u>comments</u> on **HB650 HD1** which appropriates funds for DBEDT to provide education and support to local businesses regarding the federal Food and Drug Administration's (FDA) industry guidance on colored sea salt.

According to FDA, "manufacturers of sea salt that intend to add color additives that are not currently approved for food use to their products, such as charcoal or red clay, must first obtain approval for the use of these substances through the color additive petition process. Color additive petitions must be submitted to FDA's Office of Food Additive Safety, HFS-200, 5001 Campus Drive, College Park, MD 20740. The information required for color additive petitions is outlined in 21 CFR 71.1. There are guidance documents available on our [FDA] website that address the administrative, chemistry, toxicological, and environmental information that should be included in support of a color additive petition." Source: https://www.fda.gov/media/94036/download.

DBEDT notes that obtaining FDA approval of the color additives used by Hawaii sea salt companies can be a lengthy and expensive process requiring very specific

technical expertise. UH-CTAHR has a Human Nutrition, Food and Animal Sciences Department with such technical expertise on nutritional ingredients and color additives in foods. As such, UH-CTAHR would be an appropriate entity to provide education to Hawaii sea salt manufacturers regarding the requirements of FDA on color additives in sea salt.

Thank you for the opportunity to testify.

SYLVIA LUKE Lt. Governor



SHARON HURD Chairperson, Board of Agriculture

**DEAN M. MATSUKAWA** Deputy to the Chairperson

State of Hawai'i **DEPARTMENT OF AGRICULTURE** KA 'OIHANA MAHI'AI 1428 South King Street Honolulu, Hawai'i 96814-2512 Phone: (808) 973-9600 FAX: (808) 973-9613

#### TESTIMONY OF SHARON HURD CHAIRPERSON, BOARD OF AGRICULTURE

#### BEFORE THE HOUSE COMMITTEE ON FINANCE

FEBRUARY 24, 2025 10:00 AM CONFERENCE ROOM 308 & VIDEOCONFERENCE

> HOUSE BILL NO. 650, HD1 RELATING TO SEA SALT PRODUCTS

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify on House Bill 650, HD1 that appropriates moneys to the Department of Business, Economic Development, and Tourism for providing education and support to local businesses regarding the United States Food and Drug Administration's (FDA) guidance on colored sea salt.

The Hawaii Department of Agriculture (Department) supports this bill. The Seal of Quality Program, a statewide branding program administered by the Department, aims to protect the integrity and value of the marketing cachet for Hawai'i branded valueadded products, includes members whose Hawaiian sea salt line of products have additives that add color. These products are popular with tourists and are sold to consumers worldwide. Providing education and support to local businesses will increase their understanding of FDA rules on food additives, including those that add color to Hawaiian sea salt.

Thank you for the opportunity to testify on this measure.





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February 24, 2025

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE

#### TESTIMONY ON HB 650, HD1 RELATING TO SEA SALT PRODUCTS

Conference Room 308 & Videoconference 10:00 AM

Aloha Chair Yamashita, Vice-Chair Takenouchi, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai**'i **Farm Bureau supports HB 650, HD1,** which appropriates funds to the Department of Business, Economic Development, and Tourism to provide education and support to local businesses regarding the United States Food and Drug Administration's guidance on colored sea salt.

Authentic Hawaiian red alaea and black sea salt have become increasingly popular. The two colorants used in Hawaiian sea salt, activated charcoal, and Hawaiian red alaea clay, were recently added to the FDA's approved colorants list, requiring a Color Additive Petition (CAP) application filed by sea salt producers and suppliers.

Obtaining FDA approval for the color additives used by Hawai'i sea salt companies is 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. In 2019, DBEDT estimated that the cost of engaging in this process would be a minimum of \$100,000. Today, the estimated cost is \$300,000. Most of Hawai'i's salt producers are small businesses and can't afford the high cost of the CAP process.

Thank you for the opportunity to comment on this measure.





#### **Executive Officers**

Maile Miyashiro, C&S Wholesale Grocer, Chair Kit Okimoto, Okimoto Corp., Vice Chair Jayson Watts, Mahi Pono, Secretary/Treasurer Lauren Zirbel, HFIA, Executive Director Paul Kosasa, ABC Stores, Advisor Derek Kurisu, KTA Superstores, Advisor Toby Taniguchi, KTA Superstores, Advisor Joe Carter, Coca-Cola Bottling of Hawaii, Advisor Eddie Asato, Pint Size Hawaii, Advisor Gary Okimoto, Safeway, Immediate Past Chair

TO: Committe on Finance FROM: HAWAII FOOD INDUSTRY ASSOCIATION Lauren Zirbel, Executive Director

DATE: February 24, 2025 TIME: 10am

RE: HB650 HD1 Relating to Sea Salt Products Position: Support

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

HFIA is in support of this measure to appropriate funds to the department of agriculture to provide education and support to local businesses regarding the federal Food and Drug Administration's industry guidance on colored sea salt.

Colored sea salt is an important industry in our state and it needs the support of the legislature to survive and thrive.

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

## Testimony for the Legislative Bill of the State of Hawaii HB 650 HDI Year 2025

To protect the two of the most popular products from the 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.

# 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 must 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 employment 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, Costco, and many others who does not want to get in trouble with FDA. We receive calls and e-mails from major distributors and retailers, every six months, asking if FDA has approved the sale and use of Hawaiian Black and Red sea salts.

## We, Hawaiian manufactures, should fill the shelves of Costco, Whole Foods Market, and the shopping carts of the online giant "Amazon." Instead, it is

## dominated by foreign manufacturers in the salt category. We have quality products with authenticity.

Due to Hawaii Kai's substantial drop in its revenue, it resulted in employment in Hawaii and abandoned future plans for expansion and additional employment.

The cost of a successful CAP application process with FDA is very expensive and is a very complicated process, which requires assistance from well experienced consultants who have done similar processes successfully.

- The estimated cost in 2020 was approximately \$225,000, which was before we hired any consultants and without adequate knowledge of the extent of the CAP process with FDA.
- The State approved \$300,000 in 2022.
- State of Hawaii hired a team of FDA consultants with 40+ years of experience in December 2023, with Department of Agriculture and University of Hawaii managing the project.
- Consultants meet with Project administrator and the Hawaiian salt producers regularly, every month, and give them updates on their progress.
- After one year they came to the following conclusions:
  - The two colorants (The Activated Charcoal & Hawaiian Red Alaea) were tested by third party labs, and they found nothing harmful to human being based on the quantity of these colorant used in the Hawaiian sea salts.
  - They need to do more other data research and probably a few more chemical analyses before they could appeal to FDA for a favorable decision.
  - There are three Concern Levels CL1, CL2 and CL3.
  - CL3 requires very extensive studies, with an estimated cost of \$1,600,000 plus.
  - Our consultants believe that the use and the resulting exposure of Red Alaea & Activated Charcoals fall into CL1, which requires very minimum studies, and they could convince FDA the same.
  - We have come so far with very good progress and good news. An additional \$300,000 funding could take us across the goal post unless FDA disagrees with the consultants.
  - This estimate has some contingencies added.

- The consultants have more than 40 years of experience in the same field and have a good feeling how to present the matters to the FDA.
- They believe we could get approval with the cost estimate above.
- The funds are managed by the University of Hawaii representatives so meticulously and every dollar spent is scrutinized thoroughly before approval, and every dollar spent is meticulously accounted for.
- We get progress reports every month.

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.

The 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@hawaiikaico.com

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