



Hawaii Retail Grocer

SPRING 2017

the magazine of the hawaii food industry association

Growing Local

Can Hawaii
Become Food
Sustainable?

INSIDE

Tasty New Products for Spring
New Leadership at Suisan Co.

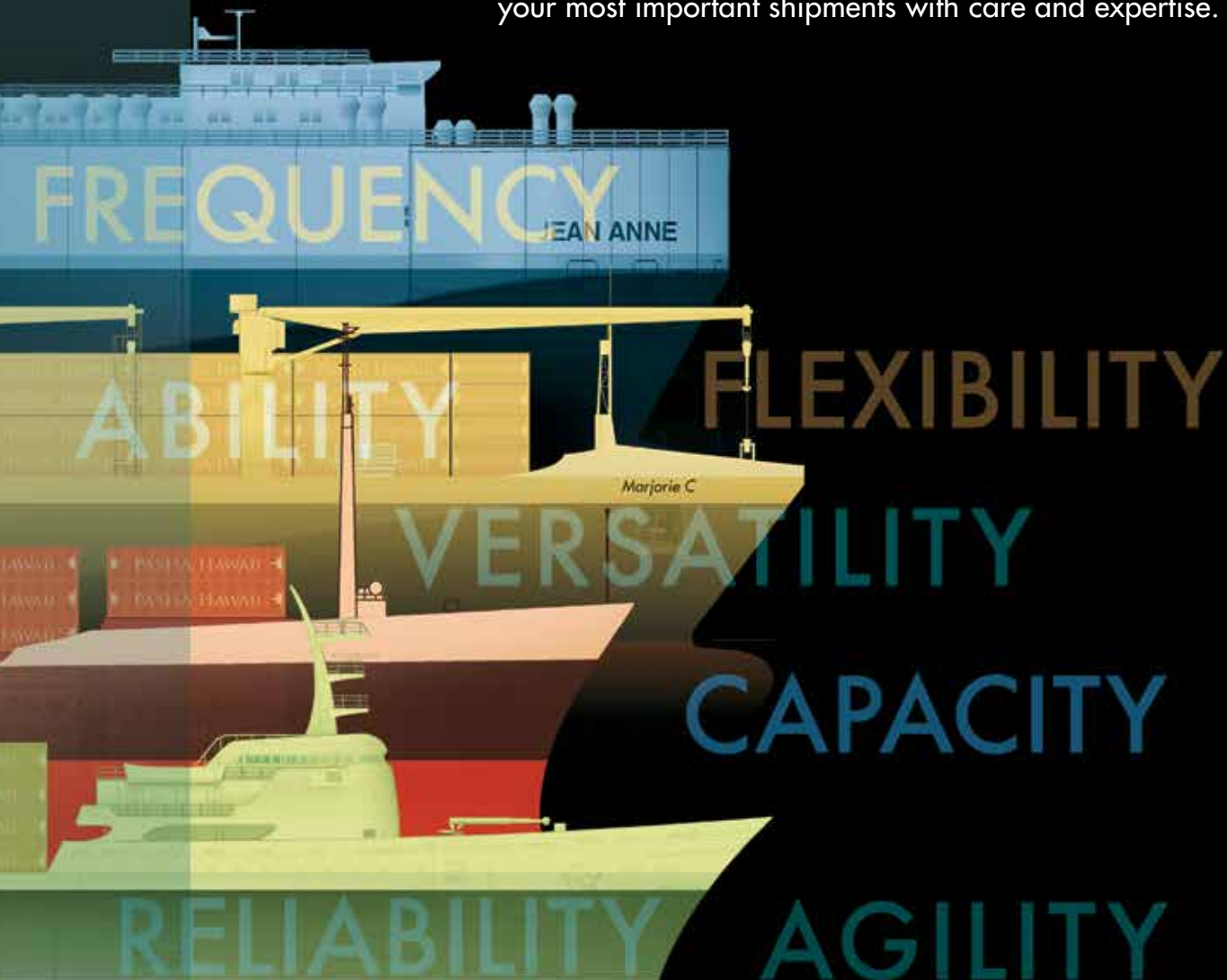
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Legislative Meet & Greet
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Taxes on Food

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Hawaii Retail Grocer

The Magazine of the Hawaii Food Industry Association

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LEGISLATIVE UPDATE

BY LAUREN ZIRBEL

As I write this, we are in the heart of the legislative session. March 3 was the First Decking—the deadline for bills under consideration for cross-over to the other chamber to pass all committees in their house of origin and be submitted to the clerk of the originating chamber. HFIA's Government Relations Committee conference calls, which happen every two weeks, focus on identifying and targeting legislation that impact HFIA members. A huge part of HFIA's success is due to members coming together to share how specific bills affect employment opportunities and operations.

It is still early in the session and we are busily tracking and testifying on numerous bills that would affect the food industry. Friday, Feb. 17, was First Lateral, the deadline for bills with multiple referrals to move to their final committees in the originating chamber. We are happy to announce that many “bad” bills died, including the majority of the onerous and unfounded labeling- and ban-related bills. It appears that all sugar-sweetened beverage bills are dead for the legislative session. There are several months left in the session, which adjourns on May 3. HFIA is focusing on defeating harmful legislation, such as paid sick leave for part-time workers (an administrative nightmare); minimum wage (an end to training level jobs and a guaranteed way to cause inflation); and the remaining ban/labeling bills (bills that remove needed products from store shelves).

HFIA's priority bills for the 2017 legislative session include:

Labor

This session, there are several labor-related bills that threaten to directly harm our members, most prominently, minimum wage and sick leave for food service workers. HFIA opposes legislation we know will increase food prices and decrease the ability of employers to flexibly staff their businesses.

We began the session with nine bills

related to minimum wage. Thanks to our efforts in helping to get the bills deferred, there is currently only one minimum wage bill moving forward.

SB 107 increases the minimum wage to \$10.50 per hour in 2018; \$12 per hour in 2019; \$13.50 per hour in 2020; and \$15 per hour in 2021. The bill increases the tip credit to an unspecified amount of cents in 2018. It requires the Department of Labor and Industrial Relations to annually calculate the adjusted minimum wage rate to the nearest 5 cents using the Honolulu region CPI-W. On Feb. 14, the Senate Judiciary & Labor Committee passed it with amendments. HFIA testified that employers are already struggling to pay for employees' rapidly increasing health insurance premiums and that increasing the minimum wage so dramatically would force employers to look toward technology to fill low skill jobs, effectively eliminating the ability for employers to bring in unskilled labor from the local high schools and train these individuals for leadership roles.

Another contentious issue we are battling is paid sick leave for food service employees, specifically, **HB 1434** and **SB 425**, which would require food establishments to provide paid sick leave to food service workers, **including part time and hourly workers**. HFIA testified that the public health concerns raised in these bills are addressed in the State of Hawaii's food safety code. It is currently illegal for employers to allow sick individuals to work in food service and all food service employees are aware that they are not to come to work when they are sick. **HB 1434** died when it was not heard by Representative Scott Nishimoto, the Judiciary Chair. We are thankful that Chair Nishimoto took the time to meet with HFIA and take our concerns to heart. **SB 425** passed out of the Senate Judiciary & Labor Committee on February 14. It must pass out of the Committee on Ways and Means by March 3 in order to cross over.

HFIA opposes these and other bills that add unnecessary mandates to Hawaii's sick leave laws, such as **HB**

4 and **HB 213**. On Feb. 22, the House Finance Committee passed both bills unamended. **HB 4** requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care, including part time and hourly workers. **HB 213** permits an employee to take family leave in order to care for the employee's sibling with a serious health condition or upon the death of an employee's child, spouse, reciprocal beneficiary, sibling, or parent. While employers offer sick leave to full time workers, the concept of having to track accrued sick leave for part time and hourly workers is extremely burdensome and does not make sense because the worker could take a sick day on any day they choose to not be scheduled to work. No employer would want a part time worker to come to work when they are sick.

Oxybenzone

Another hot issue this year are bills seeking to ban the sale of oxybenzone, a popular sunscreen ingredient, due to concerns raised by one study about the sunscreen ingredient's impact on coral bleaching. This FDA-approved and dermatologist-recommended ingredient has been used commercially since 1980 to protect against skin cancer. It is one of very few ingredients that protects against UVA and UVB radiation. It is also one of the few ingredients approved for UVA and UVB that rubs in clear and is easy to wear every day. HFIA opposes these bills because we believe a prohibition is extremely premature in light of growing evidence that water temperature, not sunscreen, is the cause of coral bleaching. Although scientists are still monitoring this issue, evidence points to the fact that the ocean temperature is causing coral bleaching. Reefs that have almost no human interaction are experiencing bleaching. Storm water runoff from industrial and agricultural land has a far greater impact than sunscreen, which is necessary to prevent skin cancer in humans.

Polystyrene

Some lawmakers at both the county and state levels are seeking to ban polystyrene foam containers. HFIA opposes these bills for several reasons, including the lack of viable, affordable alternatives that provide comparable structural and food safety integrity. Alternative “compostable” products will only decompose in specialized composting facilities which Hawaii does not have. As a result, higher cost “compostable” food packaging will either be burned at H-Power or will accumulate in landfills on neighbor islands. **SB 1109** would prohibit the use of polystyrene foam containers by food vendors.

Bill 13 (Hawaii County Council) seeks to prohibit the sale and use of foam containers. In a 5-3 vote, the Environmental Management Committee voted to move it forward. It will be heard on the March 8 agenda. This bill is extremely unusual and problematic in that it appears to not be limited to prepared food or polystyrene. The way it is currently drafted would ban all food packaging in general that is not “recyclable” or “compostable,” despite the fact that they do not define recyclable and there is no place on the island where compostable products can be composted. This bill will have a very negative effect on local food packaging. It would cost grocers millions of dollars in new equipment to find ways to safely package fresh meat, fish, and egg products if the bill is not amended. This will drive up the cost of local beef, poultry, fish, eggs, and produce, and make it even harder for local food products to compete with mainland food products. Food products packaged outside of Hawaii County are exempted from the legislation due to interstate commerce issues, which puts all foods packaged inside Hawaii County at a price point disadvantage.

Bill 16-204 (Maui County Council) has the same intent and purpose as Bill 13. On Dec. 16, 2016, it passed first reading and could be scheduled at any time.

Coffee Labeling

In general, HFIA opposes labeling mandates because they are overreaching and should be handled at the federal level. Unfortunately, **HB 256**, a coffee labeling bill, was passed out of the House Committee on Agriculture. As currently written, it requires coffee blend labels to disclose regional origins and percent by weight of the blended coffees and prohibits using geographic origins of coffee in labeling or advertising for roasted or instant coffee that contains less than 51 percent coffee by weight from that geographic origin. We oppose **HB 256** because current labels already clearly list the percentage of local coffee in a package. Additional labeling requirements of this nature are unnecessary and can become a deterrent to marketers and vendors who want to sell and promote our local products here in the islands and on the mainland. It would also be very difficult, if not impossible, for retailers to know exactly what percent by volume is included in each blend.

Technology & Manufacturing

HFIA supports bills seeking to appropriate funds for the continuation of programs that encourage and foster the development of local manufacturing and small businesses. Since its inception in 2016, the Manufacturing Development Program and the Small Business Innovation Research Grant programs have been valuable to our state and industry, and several HFIA members have participated. We are pleased that three bills continuing these efforts are moving forward. **SB 764** appropriates funds to the High Technology Development Corporation for the Manufacturing Development Program. **HB 1327** appropriates funds for the Manufacturing Development Program. On Jan. 8, the House Economic Development & Business Committee passed it with amendments. **HB 595** appropriates funds to continue the Small Business Innovation Research Program within

the High Technology Development Corporation.

Cosmetology

We are concerned about **HB 1081**, which would require individuals selling or demonstrating beauty products or techniques for promotional purposes to adhere to licensing requirements. The bill, whose intended target is the cosmetology industry, inadvertently encompasses all retailers, including grocers and pharmacies, that sell personal care products (e.g., cosmetics, shampoo, hair dye). If passed in its current form, the bill would require that all sales clerks who handle a personal care product, either at the register or in passing, be licensed cosmetologists. HFIA has submitted testimony opposing this measure.

Plastic Bags (Honolulu & Maui Councils)

HFIA opposes bills seeking to ban reusable plastic bags, as they offer convenience and service to customers.

Bill 59 (Honolulu City Council) seeks to prohibit the use of both reusable plastic bags and compostable bags by including compostable plastic bags in the existing prohibition on plastic bags and increases the thickness of reusable bags from 2.25 to 3 mils. On Feb. 8, **Bill 59** was deferred by the Committee on Public Works, Infrastructure & Sustainability. It appears the plan is to amend the bill to include a minimum 10 cent bag fee, which HFIA supports. We are so very grateful to Chair Carol Fukunaga for listening to stakeholders and addressing the fee issue.

IEM-56 (Maui County Council) seeks to prohibit the use of reusable plastic bags. On Nov. 29, 2016, the chair of the Infrastructure & Environmental Management Committee recommended that it be referred to the council chair for the 2017 term. As a result, it could be scheduled at any time in 2017.

Ride Tea Wave Into Tomorrow

Tea sales are forecast to double in five years

BY PHIL LEMPERT, SUPERMARKET GURU®

Tea's morph from grandma's drink to a millennial lure has new flavors and forms spawning more hot and cold drinking occasions. The world's number two beverage (after water) is no longer the pinky-high domain of tea elitists. This populist beverage – already in almost 80 percent of U.S. households – is one of the truly exciting growth stories for supermarket center-store and beyond.

Here's why this trend will continue, says *Facts, Figures & The Future (F3)*: Prominent retail tea specialists are raising the craving. Abundant flavors give millennials the taste diversity they want (87 percent of them drink tea, says the Tea Association of the U.S.A.). The beverage exudes health without much baggage unlike soda or energy drinks. People are open to experimenting with tea.

Starbucks Teavana and DAVID'sTEA are two of several retail category specialists raising the bar today for excellence in tea merchandising and pushing price points beyond typical supermarket levels. Both chains educate consumers to help erase any intimidation people feel about tea, though the sensation was

never on the scale of a trip to a car dealer. Teavana has only about 330 stores and DAVID'sTEA has a mere 25 in the United States, expansions are planned. Teavana is Starbucks' fastest-growing segment, CEO Howard Schulz reportedly told analysts this spring. Consumer exposure to these stores in malls and other shopping areas will raise awareness of teas in supermarkets, says F3.

These chains cross-merchandise loose-leaf teas with margin-rich accessories in serene environments, with educated staff that willingly share knowledge, sample and sell dozens of fragrant blends that stimulate purchases. Assortments in both include sweet, fruity and citrusy blends for iced tea as well – no surprise, since 85 percent of tea consumed in the U.S. is iced, says TEAUSA. Also, the ubiquitous Starbucks and Dunkin' Donuts shops treat iced teas as core products. Tea imagery is everywhere.

Why not? Between 1990 and 2014, U.S. tea imports soared from under \$2 billion (wholesale value) to \$10.8 billion. And “tea sales are forecast to double over the next five years,” adds TEAUSA. The most impressive growth by form

is in loose teas and single-serve pods (though 77 percent of brewed tea uses tea bags), and by type as green tea (though 84 percent of tea consumed is black), the association notes.

Supermarkets can leverage both brew and iced tea beverages in many forms – bags, loose-leaf, single pods, bottles and cans in different shelf-stable aisles, and in refrigerated bottles and cans by produce and checklanes. Chefs

already use tea to infuse seafood and duck dishes, pastries and other desserts – so stores could soon see an influx of packaged products with teas as added ingredients.



F3 suggests these ideas for supermarkets to maximize the growing tea opportunity:

- **Tea bars.** Growler bars are a hit. Grocerants are on the rise. Service tea bars can be scent-filled places for shoppers to relax, sample and buy specialty teas and related goods via mounted iPads, with orders delivered to home or ready for pickup on their next trip to the store.

- **Add teas** to refrigerated beverage displays of juices in the produce department.

- **Shelf talkers.** Bring specialty teas into the mix and describe them on a compact in-line tea wall of top sellers. Capitalize on the small cubic space tea requires, even in smaller store formats.

- **Recipes.** Advance health image with tea-based recipes on the website and near meat and seafood.





A New Pew Study Sheds Light On Food & Science

THE LEMPERT REPORT BY PHIL LEMPERT, SUPERMARKET GURU®

NPR reports on what people really think about some of the hottest of hot-button food controversies from the Pew Research Center's latest study of consumer attitudes toward genetic modification, organic food, and the importance of eating healthfully.

Here are two important highlights:

1 A lot of Americans don't care what scientists think about GMOs

Forty-six percent say that they care about the issue of GMOs "not too much" or "not at all."

However, 39 percent of the survey participants believe that genetically modified foods are worse for your health than non-GM food. Just over 50 percent of respondents believe that "about half or fewer" of scientists

agree that GM foods are safe to eat. Only 14 percent's beliefs match the reality — that "almost all" scientists agree that GM foods are safe to eat. Pew finds that there is deep cynicism about the motives of scientists. Americans feel that research findings are influenced in equal measure by the following factors: the best available scientific evidence; desire to help their industries; and desire to advance their careers. In the view of the public, all of those factors are more important to scientists than concern for the public interest.

2 Food sympathies don't follow political sympathies

Roughly equal shares of Republicans and Democrats (39 percent versus 40 percent) feel that GMOs are worse for people's health. More Democrats than Republicans (60 percent versus 50 percent) believe

that organic foods are healthier. The survey also didn't find any major differences between men and women, or between rich and poor, when it came to views about GMOs or about the healthy qualities of organic food.

One shining beacon — 72 percent of Americans believe that healthy eating habits are very important in improving one's chances of a long and healthy life, and an additional 25 percent say that it's somewhat important.

Finally, NPR states, support for local and organic food seems to be much more mainstream than the opposition to GMOs. Almost three-quarters of Americans said that they bought local food recently, and just over two-thirds said they had purchased organic food. By comparison, a much smaller group — 44 percent — reported that they'd recently bought food labeled "GMO-free."

Gassing Produce May be a Tool of the Past

THE LEMPERT REPORT BY PHIL LEMPERT, SUPERMARKET GURU®

Apeel has developed a method for creating imperceptible, edible barriers that the company says can extend the life of produce like green beans and berries by as much as five times by using leaves, stems, banana peels, and other fresh plant materials left behind after fruits and vegetables are picked or processed. Apeel's products, sold under the brand names Edipeel and Invisipeel, take plant materials and extract all liquids from them to produce tiny pellets. The company then uses molecules from those pellets to control the rate of water and gases that go in and out of produce, thus slowing down the rate of decay.

James Rogers, the founder and chief executive of Apeel correctly points out that "It takes 30 days to get blueberries grown in Chile to market in the United States, which means they have to be picked before they're ripe and shipped under heavy refrigeration."

This process is untested in mass volume but it could reduce food waste and the use of pesticides. The reality is that there is an enormous amount of produce that rots before it can be shipped.

The Food and Drug Administration has approved Edipeel as "generally recognized as safe," a status that means a product is safe to eat and good for sale. Apeel has raised \$40

million in venture capital. At this time, the team is starting negotiations with produce companies and these produce companies together account for some \$6 billion in sales.

Apeel, according to the *NY Times* story, could for instance increase yields by reducing losses at the harvest level, which would translate into lower prices for consumers. It could reduce agriculture's environmental impact by allowing growers to ship products with an Edipeel barrier at higher temperatures. And before harvest, an Edipeel barrier could repel pests and fungi and thus reduce the use of pesticides. And then there is the enormous positive impact to reduce food waste.

Growing Local



Is Food Sustainability Possible in Hawaii?

BY JASON Y. KIMURA

A primarily for-profit investment firm with a strong pro-Hawaii philanthropic bent, the Ulupono Initiative has big goals. By 2030, they are working toward a Hawaii that will have: 30% locally grown food (Gov. David Ige set a goal of 20%), 50% renewable energy, 85% of its waste managed. You can guess which one of these ambitious goals is the hardest by the size of the percentage: locally grown food.

Food sustainability, or food security, has become a hot topic in the islands, with many people and groups offering up solutions to the issues from a variety of perspectives, but solutions are elusive. Why is it so hard for Hawaii to attain food sustainability? The simple answer is that currently, it's marginally profitable to produce affordable local food in Hawaii. From there, the answer gets complicated.

Over the past seven years, the Ulupono Initiative has been trying to understand why food sustainability is so hard and what they can do about making it profitable for everybody in the food supply chain. "The way we measure local food is based on the dollar value of food that can be produced and manufactured here," says Kyle Datta, General Partner at the Ulupono Initiative. Ulupono's practical, dollars and cents investment perspective is a good one to take, because the basic question comes down to what consumers want. Although some private-public partnerships may help kick-start local food production, to be truly successful, consumers must be allowed to pick the winners by voting with their hard-earned dollars.

"We started this journey by asking whether consumers really want to



Kyle Datta, General Partner at the Ulupono Initiative

buy local food," says Datta. Based on surveys (several were taken for accuracy's sake), the answer is a qualified "yes." Although the majority of Hawaii's consumers are in favor of buying local food, only 20% are actually willing to pay more for it if there are cheaper alternatives. Predictably, they are those with higher incomes or have a strong enough belief in locally grown food that it trumps economics. Consumers want to buy local food, but they want it to be more affordable. The surveys suggest that consumers know what's locally grown and they believe it's healthier, but it's got to be at a reasonable price point. "We're not a wealthy state," notes Datta. "The challenge is to have affordable local food. The question is, how do we do that?"

Those who have studied the issue say that the most basic considerations come down to land, water, labor, and energy. These factors are more expensive in Hawaii than in other places and affect the affordability of food, so creative ways to make these fundamentals more affordable must be devised.

Hawaii's isolation also creates difficulties. Shipping supplies like fertilizer, feed, and raw materials is expensive and adds to the cost of local food. At least some solutions may be forthcoming. This year, Hawaii Pacific University's Oceanic Institute is opening a feedmill research facility in Hilo that could help reduce costs

by finding economical ways to create feed for animals, including cattle, poultry, and fish.

In order to make local food more affordable, productivity must also be increased through technology. "At a fundamental level, if you know your costs are higher, you know that your scale is going to be smaller," notes Datta. "To increase productivity and complete globally, what's needed is what we call a precision environment—controlling plant and animal lifecycles through technology." As an example, he points to sensor and information technologies, as well as other technologies that have been used in industries outside of agriculture and that are now only beginning to be applied to growing food. "That's where you see significant increases in productivity and yields for food in the last 10 years," continues Datta, who says that the Ulupono Initiative is doing research to find companies that have technologies that can be applied to Hawaii agriculture.

A key related issue is manufacturing and value-added products. Some have made a considerable effort trying to create additional revenue streams by turning agricultural surpluses and byproducts that would otherwise be wasted into value-added products. It is a powerful way to make local farming more profitable.

For example, the profit from growing cabbage is modest, maybe at around a 5% return, but turning it into kim chee or coleslaw could double profits. Another example is beef. To make local beef profitable, the whole animal has to be sold, according to Derek Kurisu, Executive Vice President at KTA Super Stores. Under his leadership, KTA has helped make that happen by buying the cheaper cuts after hotels and restaurants take most of the expensive ones to create a multitude of value-added products like KTA beef and pork lau lau, teriyaki beef for fundraisers, pipikaula, pipikaula poke, and Portuguese beef sausage. Milk production is another business that can be made much more profitable if some of the product is used for cheese and yogurt. On the horizon, ulu could be developed into profitable products. A local superfood, ulu, could be turned into



Galbraith Estate lands cleared by Sugarland Farms in exchange for rent credit is once again being farmed.

flour, pasta, and other products.

Water, land, labor, energy, productivity, and manufacturing are all essential to food production, but developing Hawaii's food supply chain is where the greatest need is in helping small farmers survive. One hurdle is food safety mandates. In addition to existing regulations, food safety laws are changing, and they will start to hit our shores in a few years. Without establishing food safety centers, Hawaii will lose a lot of smaller farmers. Datta points out that there are roughly 1800 farmers in Hawaii. Of those, about 1600 are small, maybe a couple hundred are medium to large, and only a handful of the large ones are able to meet food safety processing requirements.

Some of these farms are already able to handle everything from production, processing, and food safety to cold storage and distribution. However, most small farmers only have production and are missing the rest of the supply chain. Assuming that the food safety issue has been resolved, there still needs to be a statewide cold storage system put in

Systemic Food Sustainability Solutions

- Make land, water, labor, energy, and food safety accessible
- Become price competitive via the technology of precision agriculture
- Expand value-added processing to increase profitability
- Collaborate within the state to be competitive with imports

place, as well as a seamless distribution system that can move products from producers to wholesalers to retailers to consumers. The missing and broken links in the food supply chain cause a considerable amount of produce to be wasted and makes local food expensive.

One project in Central Oahu is aiming to not only revitalize local agriculture in Wahiawa after the loss of sugar and pineapple, but to serve as a template for the rest of the state. Named after a former plantation workers' camp, the Whitmore Project is an ambitious plan to bring farmers and the state together to increase food production, create jobs, engage in partnerships, and to provide workforce housing. To do this, the project is attempting to address most if not all of the hurdles previously outlined. A persistent force behind the Whitmore Project is State Senator Donovan Dela Cruz, who has championed innovative ideas to resolve the fundamental issues of land, water, labor, energy, productivity, and manufacturing, as well as food supply chain issues.

At the center of the organized effort is the Agribusiness Development Corporation (ADC), which was established by the state in 1994 to help with the transition of former plantation lands and water systems to a diversified ag industry and to initiate the development and support of facilities

to help farmers. Many experts believe that Hawaii has enough land for sustainable agriculture, but the combination of housing developments being built on ag land and neglect of the land are major threats to the success of agriculture. Therefore, one of the first orders of business for the ADC was to acquire a large inventory of land, which began with the 1,700 acre Galbraith Estate purchase at the end of 2012. The land was slated for housing, but the community put a stop to it. The \$25 million purchase was funded by state general obligation bonds, the Office of Hawaiian Affairs (which owns 500 of the 1,700 acres), a private donation, the U.S. Army (for a buffer zone), and C&C Clean Water & Natural Lands funds.

Dela Cruz insists that the state must own the land in order to give farmers the long-term leases they need to invest in developing their farms. He points out that it is difficult for private landowners to commit to long-term farming leases that tie up their land and bind them economically. Banks are reluctant to give loans to farmers with short leases, and farmers do not want to invest in expensive infrastructure on land that they may not be able to retain long enough to realize a return on their investment. “Under ADC’s management, these lands will be protected in perpetuity for farming,” says Dela Cruz, “and only the state can grant long leases.”

Not a regulatory body but a facilitative one, the ADC has the power to create subsidiaries to cap and lower overhead for any problem, with the goal of making local produce more cost competitive with imports. What the ADC doesn’t have is a lot of money, but it can give rent credits to farmers who invest in infrastructure or help with other issues. For example, Sugarland Farms cleared and reconditioned the Galbraith lands in exchange for rent credit. The ADC isn’t working alone. There are over a dozen state and federal divisions and departments involved, including the state and U.S. Department of Agriculture, Department of Education, College of Tropical Agriculture and Human Resources, the U.S. Army, HI-Tech Development Corporation, Hawaii Public Housing Authority, and many others.

Since the 2012 Galbraith Estate purchase, things have been moving fast. At the time of the purchase, an additional \$4.2 million went to the Whitmore Annex, which included the old Tamura’s warehouse. The plan is to retrofit the space for food safety, packaging, and processing of value-added products, storage, and office space. In January of 2013, the state purchased 24 acres from Castle & Cooke for \$3.6 million. The following year, the legislature appropriated \$1.5 million to plan and design an ag tech park, and in 2015, the state purchased a 257-acre parcel from Dole Food Company, Inc.

Last year, the Legislature appropriated \$31.5 million to the ADC for the purchase of 895 additional acres of ag land. When these lands are acquired, along with other pending purchases, the Whitmore Project will have over 2,800 acres. Since Dole announced its plans to sell almost 18,000 acres in Central Oahu and on the North Shore, Dela Cruz has worked tirelessly to get the state to fund the purchase of additional land near the ADC’s initial 1,200 acres from the Galbraith Estate.




Sen. Dela Cruz in the old Tamura’s warehouse on Whitmore Annex land in Wahiawa.

Also in 2016, the Whitmore Project got a tantalizing taste of success. Sugarland Farms, a project tenant, harvested 2.7 million pounds of watermelon—equivalent to 74 shipping containers—and 750,000 pounds of red bell pepper. For two months, the import/export percentages were reversed—only 20% of these crops were imports and 80% were locally grown. Dela Cruz points out that

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the fast three- to four-year turn-around time to get good crops is due to leveraging ADC's power to credit farmers' investments to their leases so they can make improvements on the land or build processing facilities.

Currently and going into the future, the College of Tropical Agriculture and Human Resources (CTAHR) is helping farmers through research and development. This includes troubleshooting problems, patenting new technologies, experimenting with new crops, and helping to develop value-added crops. Experimental crops have included tea and blueberries. New niche crops are revenue generating and highly sought after. Dela Cruz contends that in every town in Hawaii, there is a microclimate that certain niche crops thrive in. Think products like Kona Coffee and Kula Lavender. These attract visitors to their respective areas, which helps other area small businesses. "If every rural town had one crop," he points out, "Hawaii would have an inventory of value-added products that create destinations for ag-tourism and bring visitors to the state."

But there's more to the Whitmore Project. Dela Cruz envisions an agri-business technology park where there will be processing and packaging that are up to food safety standards, and co-op opportunities to share facilities to reduce operational costs. The ag tech park would also house software and manufacturing companies that develop technology and equipment for farmers.

Speaking of ag-tourism, Dela Cruz envisions much more than an industrial looking tech park. A ride around Wahiawa town with Dela Cruz reveals his passion for the look of old Hawaii during pineapple and sugar days. He points out remnants from the old days as examples and bemoans the fact that current building codes do not allow overhung storefront roofing. Exemptions will somehow have to be granted. If Dela Cruz's vision comes to fruition, the ag tech park's commercial design guidelines for its main street would bring back the charm of old Hawaii, with stepped facades and the overhanging roofs of plantation era buildings. Processing



Green World Coffee Farm is the type of successful model that Sen. Dela Cruz hopes will be the norm for the Whitmore Project. A profitable coffee shop, eatery, and gift shop attracts tourists and locals alike while coffee beans are processed and roasted in the same building.



Eric Edra tends watercress on Alex Kanamu's experimental aquaponics farm. The cylinders are fish hatcheries for tilapia he is raising in a symbiotic setup.

facilities will have small retail storefronts that sell the value-added products being manufactured in back. Furthermore, there will be a walking bridge from Wahiawa town to the tech park along the path of the old Kaukonahua Gulch railroad trestle.

Other features of the Whitmore Project include:

- An agricultural foreign trade zone to decrease costs by deferring duties on imported materials.

- Re-designating and expanding the Wahiawa Enterprise Zone to benefit from tax incentives.

- Designing a new reclaimed wastewater irrigation system for the Wahiawa Wastewater Treatment Plant, eliminating outfall to Lake Wilson, and providing R-1 water to farmers at a lower rate than potable water. Redirecting wastewater will also clean Lake Wilson, turning it into a recreational destination.

- ADC partnership with a private company to create pumped storage hydroelectricity to sell energy to farmers at lower rates.

- Build workforce housing next to Kemoo by Lake Wilson.

- Collaboration between farmers and the Department of Education to create programs to educate high school students and prepare them for agricultural jobs after graduation.

Dela Cruz has met resistance for funneling resources to the Whitmore Project, but he counters, “Competition is not between the islands, but between Hawaii and the world.” Furthermore, he sees the Whitmore Project as a possible template for other communities in the state to follow and adapt to their own situations, and readily admits that the ADC shouldn’t be at the center of the project—the office of the governor should be. What’s lacking, he says, is a comprehensive statewide plan for agriculture—something he and other colleagues are working on. Dela Cruz points out that without an overarching strategic plan for the entire state, resources will be spent and decisions are likely to be made in ways that don’t take the bigger picture into account. In the meantime, the ADC being point for the Whitmore Project is the next best thing.

Like the answer to whether people

want to buy local food, the answer to whether food sustainability is possible in Hawaii is a qualified yes. It’s clear that Dela Cruz isn’t focused on this question because it may not be the right one to ask. There’s too much that hasn’t been grown, hasn’t been tried. There’s been too much that hasn’t been built and implemented. There is no comprehensive state plan that puts into place measures that make sense for all of Hawaii.

Whether Hawaii can attain food

sustainability may only be answerable in a general way this point in time. Most experts think we have enough land, and some think that it’s possible to come close to complete food self-sufficiency. But perhaps the question is, “Should we be food self-sufficient?” Hawaii hasn’t been food self-sufficient since the old days of the Hawaiian Kingdom. Today, we are no longer an agrarian society, and unless we as a society are willing to become one and give up most of the

processed, dried, and frozen foods that make up the majority of every supermarket's shelf space, then probably not. It's not likely that Hawaii's people will collectively give up the foods we import that can't be produced here, and no one thinks that Hawaii's farmers are going to grow all the rice, wheat, and corn that is needed to replace those imports, or that manufacturing facilities will be built to process them to the level and variety we enjoy.

However, it's a matter of focus. We *should* put our efforts into greatly increasing all the local produce, meats, dairy, and value-added products we can and reap the benefits of a bigger market share. "The industry to revitalize the economy is ag," says Dela Cruz, who perhaps possesses the bigger vision. We can't produce everything, but by focusing on the things that we can do well, we may be able to bring on a revitalized Hawaii via a convergence of agriculture, innovation, and tourism.



Jari Sugano of CTAHR explains how reflective mulch repels insects better for the current experimental crops of cauliflower and eggplant. Heavy in iron, the aged soil needs to be reconditioned. The challenge is to find farmers who will grow some of the researched crops.

The advertisement features a background image of several wooden bowls filled with poke (diced salmon and tuna mixed with vegetables). Overlaid on the image is the "Times Big Save Seafood" logo, which includes a green leaf icon and a blue fish-shaped speech bubble containing the word "Seafood". At the bottom, there is a banner with the text "TIMES AND BIG SAVE ARE PROUD SUPPORTERS OF HFIA" and another banner for the "SEAFOOD COUNTER" listing various store locations.

times **BIG SAVE**

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Ueda Takes the Reins at Suisan

BY GLEE STORMONT

Suisan is almost synonymous with Hilo Harbor; its signature red roof is a landmark that brings a smile of pleasure upon sighting. But few realize that the originally fish-centric company dates back to 1907. Originally a simple fish market, Suisan is now a broadline food distributor with a new president. The company's eighth president, Steve Ueda, began



Steve Ueda

his term at the start of 2017 and is the grandson of Rex Matsuno, the former longtime president, CEO, and chairman of the Suisan board. Ueda was persuaded to return to Hawaii Island a decade ago to work for Suisan as the designated heir. He labored as distributor, sales representative, buyer, retail sales manager, and vice president of sales, all leading up to the recent retirement of former president, CEO, and board chair Glen Hashimoto. Hashimoto now serves as executive advisor, overseeing business development and strategic vision.

"I am confident that under Steve's leadership, Suisan will continue to thrive and provide value to the community," Hashimoto endorses. "He understands Suisan's mission of making a difference by contributing to the success of our customers, and over the years, he has applied his analytical skills and data-driven expertise as an engineer to increase operational efficiencies."

Ueda was raised in Honolulu and graduated from the University of Hawaii at Manoa in mechanical engineering. He earned a master's in mechanical engineering from Massachusetts Institute of Technology and another in business administration from University of California-Irvine. Before returning to Hawaii, Ueda worked as an automotive product and systems developer on the U.S. mainland and in the United Kingdom.



Suisan celebrates 50 years in business. Photo taken in 1957 at the site where Suisan's fish auction was once held.

Suisan is now proud to be a one-stop distributor that carries all primary food and non-food items, offering a wide range of fresh, frozen, and dry groceries for small and big businesses, including fresh and frozen meats, seafood, fruits, vegetables, dairy items, frozen processed foods, fresh prepared foods, and more.

"Under Glenn's leadership, Suisan adapted to the times while remaining competitive and continued the company philosophy of taking care of the customer," Ueda states. "Glenn has been a great mentor. As Suisan celebrates its 110th anniversary this year, I am focused on keeping the company relevant and invested in the community. I am deeply humbled to continue the family legacy of leading Suisan."

Ueda is also heavily involved in the local community and serves as second vice-president of the Japanese Chamber of Commerce & Industry of Hawaii, where he also chairs the economic development committee. He is a member of the Hawaii Island Chamber of Commerce and Hawaii Food Industry Association, and a community leader for the Blue Zones Project.

Suisan cherishes and nurtures its strong home-grown family values that have served them well for over 100 years and are committed to continuing to adapt to cutting edge technologies and services to best meet the needs of their customers and future generations to come.

About Suisan Company, Ltd.

Suisan Company, Ltd. is Hawaii Island's foremost fish market and premier broadline food distributor. Established in 1907 as a fisherman's cooperative, the 110-year-old company weathered the storms of World War II, tsunami devastation, changes in technology, and changing consumer trends to now boast annual sales of \$82 million and employ 185 people as fish cutters, computer analysts, sales persons, buyers, administrative assistants, warehousemen, mechanics, truck drivers, and others. Suisan's fresh produce operation and sales office is located in Kona, while Hilo is home to retail and wholesale fresh seafood operations. The company maintains a weekly island-wide delivery schedule and ships products to neighboring islands, as well as to the U.S. mainland. For more information, visit www.suisan.com. Suisan can be reached at 808-935-8511 in Hilo and at 808-329-3558 in Kona.

New Products Are in the Air This Spring

BY JASON Y. KIMURA

Each spring, HFIA member companies do what they do best: bring new, convenient, innovative, tasty, diverse, exclusive, savory, and sweet products to you that they hope will have just the right balance of elements to hit consumers' "bliss point." Read on to learn about products that have all of the elements above.

DIAMOND BAKERY

Contact: Maggie Yan Li,
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Email: mli@diamondbakery.com
Web: diamondbakery.com

Grab-n-Go

Last July, Diamond Bakery introduced convenient Grab-n-Go packaging for some of its fan favorites. The Grab-n-Go packaging was exclusive

to 7-Eleven, but is now available to all retailers and convenience stores. The line is designed with younger consumers in mind. The small sized packages are great for those on the go or for school snacks, and is sure to bring a new generation of Diamond Bakery fans into the fold. Cinnamon Toast Soda Crackers, Original Royal Cream Crackers, Blueberry Royal Cream Crackers, and the classic Original Hawaiian Soda Crackers are offered in the Grab-n-Go size.

HARBOUR BROKERAGE

Contact: Rod Gomes
President & CEO
Phone: 808-836-4744
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Email: rod@ixhawaii.com

Kona Sea Salt

Chefs love the taste and nutritionists love the numbers. Kona 100% natural deep seawater flake salt by



Mera has 38% less sodium than ordinary table salt. The grinder version has 48% less sodium. Produced from pure seawater off the coast of Kona 2,200 feet below the surface of the ocean, Kona Sea Salt is free from pollution. Dried naturally under the Hawaiian sun and hand processed and packed, this unrefined salt is naturally balanced with essential trace elements and minerals, such as calcium, magnesium, manganese, and potassium.

Also available is furikake made with Kona Sea Salt. Mera's version is a crisp furikake seasoning with seaweed, powdered bonito, and other flavorings that are enhanced by naturally balanced Kona Sea Salt. Additionally, Mera offers nigari (magnesium chloride), an essential coagulant used to make tofu and also used as a health and beauty aid. All Mera products are stocked locally.



Maui Jelly Factory

Another Hawaii product line represented by Harbour Brokerage is Maui Jelly Factory. Located in Wailuku, the family owned company makes many exotic jellies, condiments, relishes, mustard, butter, syrups, sauces, fudge, chocolates, and cookies.

Jams and jellies are made from the finest tropical fruits. You might think only to spread jam on toast or a cracker, but they have many other uses. For example, try Hawaiian Pepper Jelly with cream cheese and crackers, in stir-fry recipes, or as a glaze for pulehu (barbeque). Try Maui Mango Jam mixed with mayo for a fruit salad dressing.

Euro American Brands

Euro American Brands is a premier importer of confections and specialty foods in the U.S. with a portfolio that has 19 different companies representing products from Austria, Belgium, Denmark, Finland, France, Germany, Holland, Italy, Mexico, Poland, Switzerland, Spain, the United Kingdom, and the U.S. The brands are Meica, Panda, Pea, Ritter Sport, Schulte, Schluckweder, Schwartz, Feisner, Alstertor, Anthon Berg, Bahlsen, Cavendish & Harvey, Chupa Chups, Corny Big, Hero, Langnese, Maggi, Manner, and Zeisner. As of January 1, Harbour Brokerage has been stocking the core brands on Oahu. Here are some of the products:

Meica (Germany). The majority of Americans don't normally buy their sausages in bottles, but why not, considering that Meica is Germany's #1 premium sausages—frankfurters, bockwurst, and wieners—which are made from the choicest cuts of meat.



Hero (Germany). Known for its premium fruit spreads, Hero was originally established in the quaint Swiss village of Lenzburg in 1886. Today, it is known for being the gold standard of gourmet fruit spreads around the world.



Panda (Finland). If you like licorice, you're in for a treat. Since 1927, Panda has been making licorice that is renowned for its unique flavor and softness. Its cherry and blueberry licorice is made with real fruit. Along with its regular flavor licorice, all three varieties are non-GMO, and have no artificial colors, flavors, or preservatives.



Chupa Chups (Spain & Mexico). Chupa Chups offers lollipops in a variety of flavors, including Cremosa (strawberry & cream; choco-vanilla) and fruit. The brand also has novelty Whistlepops, Crazy Dips, mini pops, and seasonal items.



Manner cream-filled wafers (top) and Ritter Sport chocolate bars.

Corny Big (Germany). Germany's #1 selling multi-grain bar. It is a big bar compared to most cereal bars in the U.S., and will tide you over when you're on the go. Corny Big comes in Chocolate-Banana, Brownie, and Chocolate varieties.

Cavendish & Harvey (Germany). These hard candy fruit drops come in beautiful tins and decorative glass jars that will give the impression that you're just back from Europe. Their delicately sweet and citrusy flavors live up to the company's tagline: "Confectionery for Connoisseurs."

Ritter Sport (Germany). Made with the finest chocolates, Ritter Sport's 3.5 ounce bars are available in two categories: "Colorful Variety" and "Nut Selection." The Colorful Variety includes Milk Chocolate with Butter Biscuit, Dark Chocolate with Marzipan, Milk Chocolate with Coconut, Milk Chocolate with Cornflakes, and more. Nut Selection offers Chocolate with hazelnuts, honey salt almonds, and other nut bars.



Manner (Austria). All natural Manner cream-filled wafers bring home the taste of Vienna. The confectionery company was established by Josef Manner in 1890, and has since been producing sweet delicacies in the heart of Vienna using original recipes.

Paxs Distributors

Paxs is a manufacturer and importer of fine Japanese foods and drinks in many sizes. These include an extensive catalog of dried foods, soups, spices, sauces, dressings, rice toppings, canned and jarred goods, rice, noodles, candies, snacks, biscuits, cakes, baby foods, and fish products. Harbour Brokerage will present the catalog of Paxs items to the trade, then stock the items that retailers request service for.





LOVE'S BAKERY

Contact: Byron Chong
Vice President, Director of Sales
& Marketing
Phone: 808-842-3308
Email: bchong@lovesbakery.com
Web: lovesbakeryhawaii.com

Love is in the air for some of the most exciting products, and Hawaii's most venerable and historic bakery is making them available to consumers. Read on to check them out.

Taro Donettes. Taro Brand and Love's Bakery have teamed up on this retail ready tub that features a new recipe for an old favorite.

Red Velvet glazed Donettes. Another new recipe built on an old favorite. Available in all Foodland stores. Think of how delectable Red Velvet Donettes would look served up with Taro Donettes!

Atebara Taro and Sweet Potato Chips. Hawaii's first and original chip company joins the Love's Bakery line-up. In 1936, Hawaii Island Gourmet, or Atebara's Atebara's, as the company was called at the time, became the first chip company in Hawaii. Finding initial success in selling potato chips, World War II changed everything for Atebara's in 1941; all the potatoes went toward the war effort. However, as there was an abundance of taro, so Atebara's produced the first taro chips. Sweet potato chips were the next logical step. Both of these tasty chips are healthier than their white potato counterpart, with lots of fiber, vitamins, and antioxidants.



Atebara's Sweet-Potato chips



Atebara's Taro chips





Tillamook Beef Jerky & Beef Sticks. Tillamook's all-beef sticks are made in America with high-quality meat and real hardwood smoke following a variety of family recipes. The famous brand joins the Love's Bakery lineup in March 2017.



Punalu'u Bake Shop. One of Hawaii Island's gems partners with Love's Bakery in March 2017, providing cookies, flavored dinner rolls, and their famous long loaf sweet bread.

Seattle's Best Sourdough. Traditional and Garlic, Seattle's Best Parmesan-Garlic bread sticks and Garlic French Bread are shelf stable and ready to heat. Toast and serve!

Rudi's Organic Bakery. Rudi's Organic Bakery line of breads has become synonymous with organic on the mainland. Now available at Down to Earth Natural Foods and Whole Food Market, there are four varieties to choose from: 100% Whole Wheat, Honey Sweet Whole Wheat, Multi-grain Oat, and Nut & Oat.



Two-Bite Brownie and Macaron Bites. Quality ingredients baked into every two-bite treat never lose the rich, authentic taste that you would find in a full-sized version. Now you don't have to buy a huge container to enjoy these delicious snacks. Two-Bite treats are now available in a small cute, grab and go convenience store bag.



Awamori: An Ancient Tradition

Pease, love, and gratitude are most important to the Okinawan people and they infuse it into everything, including Awamori, a distilled spirit unique to Okinawa. In various small villages of Okinawa, an Awamori distillery is the heart that keeps the community thriving. Randy Kuba visited the land of his ancestors about a decade ago, and at the local Awamori distilleries saw the spirit of yuimaaru, a community coming together to create something out of love. It stole his heart and inspired him to bring the spirit of the Okinawan people to the world through the tangible means of Awamori. “My Awamori is not made to satisfy the alcohol demands of the market,” explains the president and founder of Lotus Spirits. “It is not made by automated machines in a factory.” Instead, it is handcrafted by artisans who have passed the technique down for generations.

Known to be Japan’s first and oldest distilled beverage, the art of distilling and aging Awamori is over 700 years old. The ingredients are simply Thai Indicia rice and “koji,” a black mold indigenous to Okinawa. Thai Indicia rice is considered rare, and dates back to the 13th century—the “Golden Years of Okinawa”—

Using Awamori

Cuisine - As a basic cooking ingredient and as an excellent marinade.

Herbal Tonic - Combined with tumeric, honey, and garlic.

Beverage - Straight, on the rocks, mizuware (diluted with cold water), or oyuwari (diluted with warm water). Or mix with soda water with a hint of lemon or lime, fruit juice, herbal tea, or melted Melona bars with Sprite. Experiment and have fun!

Above all: enjoy in the company of family and friends, celebrating the lineage and deep meaning of the Awamori tradition.

when trade between Europe, China, and Indonesian countries flourished with Okinawa as the strategically located central trading center.

Awamori is considered the most natural organic tasting spirit in the world, and can be paired with the cuisine of all cultures. Vintage Awamori that has been aged for three years or more

is called Kusu, but it can be aged for over 100 years.

The beautiful clay kame are the key to aging Awamori. Handcrafted by artisans, their unique properties allow Awamori to continue aging through consumption. The porous earthenware kame expands and contracts as temperature and climate vary, creating a unique, smooth, and balanced flavor. It is believed that Awamori, consumed in balance and moderation, enhances the absorption of nutrients from a healthy, balanced diet. Okinawans are noted for their longevity and are now a “Blue Zone” culture recognized by National Geographic scientists. It is hoped that by emulating the lifestyles of Blue Zone cultures, longevity can be realized by others. An herbal tonic of Awamori combined with turmeric, honey, and garlic aged in an earthenware pot is commonly sipped before retiring nightly by Okinawans, possibly supporting longevity.

Although there are 47 Awamori distilleries in Okinawa (mostly partnered with a Japanese company and producing large volumes through automated machinery), the Kuba brand selects only the distilleries and kame craftsmen of villages that maintain the heart and discipline of their ancestors. “The name Kuba Awamori pays tribute and honors all of the immigrant pioneers that came before us seeking the American dream, each generation carrying the weight on their shoulders for the next to excel,” says Kuba. “The story of the Kuba family is no different than your family heritage. With resilience, grit, and toughness, our forefathers provided for their children a better life than their own. They were living examples of sacrifice, hard work, and never giving up in the face of adversity. For many of us third generation and beyond, our family name is all that was given to us to carry on their spirit.”





Sen. Josh Green, Lauren Zirbel, HFIA Executive Director, Victor Lim, HRA



Rep. Sam Kong and Rep. Kyle Yamashita with Glenn Muranaka of Meadow Gold Dairies

Getting to Know You

HFIA & Hawaii Restaurant Association Team to Build Ties with Lawmakers

PHOTOS BY JASON Y. KIMURA

For the second year, HFIA and the Hawaii Restaurant Association (HRA) teamed up for a social evening with Hawaii's legislators on February 23. This time, the Legislative Meet & Greet was held at the Hukilau Sports Bar & Grill in the Executive Center Hotel in downtown Honolulu. With nearly 30 lawmakers attending, the event was a unique opportunity to build relationships in a casual setting with a menu of delectables made almost exclusively with locally grown fruits, vegetables, and meats.



Sen. Will Espero



Representatives Tom Brower, Jarrett Keohokalole, Justin Woodson, Joy San Buenaventura, and Nicole Lowen



Rep. Nadine Nakamura, Rep. Isaac Choy, and Rep. Lynn DeCoite



Derek Kurisu, KTA, with Jerry Linville and Brian Yamane of Meadow Gold Dairies



Rep. Mark Nakashima, Emily Santiago, UHA, Mimi Beams, Meadow Gold Dairies, and Rep. Richard Onishi



Andy Kawano, Foodland, Joy Gold, Meadow Gold Dairies, and Dexter Yamada, KYD



Derek Kurisu KTA, speaks with Rep. Mark Hashan



Rep. Joe Souki, Speaker of the House, with Glenn Muranaka, Meadow Gold Dairies, and Rep. Mark Nakashima



Howard Lee of UHA socializes with other guests



Barry Redmayne and Charlene Gray, Trade Publishing, with Jason Oka and Nadine Cunningham of Enterprise Rent-A-Car



Ambiance of the Hukilau Sports Bar & Grill. Hawaii Island pork ribs and steamed buns with pork were one of the many dishes served.



Sen. Brian Taniguchi, Derek Kurisu, KTA Super Stores, and Terri O'Connell, UHA Health Insurance

No Bluer Hawaii



PHOTOS BY JASON Y. KIMURA

There were Elvis impersonators galore, but there is no substitute for HFIA's Annual Social, held at the Honolulu Country Club on Friday, Jan 20, 2017. Once again, the Social Committee wowed the crowd with a

60s in Hawaii style bash—nostalgic for some, retro hip for others. The evening featured a luau dinner, hula, Elvis movies, fortunetellers, games, prizes, and most of all, the camaraderie that makes HFIA special. The warmest thanks go to Social sponsors and prize and product donors.



BLUE HAWAII SPONSORS

A warm mahalo to those who sponsored this year's Social:



AMERICAN
Savings Bank

PRESENTING SPONOR - \$2,500

American Savings Bank

ROCK-A-HULA BABY - \$1,600

ABC Stores
Honolulu Star Advertiser / Midweek
Matson Navigation Company
Meadow Gold Dairies
Pepsi Beverages Company
Pint Size Hawaii
Southern Wine & Spirits
Young's Market Company of Hawaii

MOONLIGHT IN HAWAII - \$1,200

Anheuser-Busch Sales of Hawaii, Inc.
Don Quijote (USA) Co., Ltd.
Gouvea's & Purity Foods

ALMOST ALWAYS TRUE TO YOU - \$600

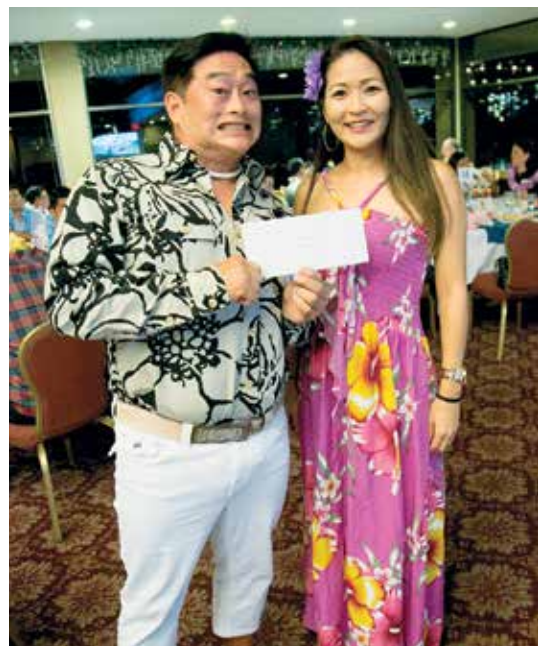
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Malolo Beverages
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Nani Makana
Paradise Beverages
Pepsi
Pint Size Hawaii
Punaluu Bakery
Rainbow Sales & Marketing
Southern Wine & Spirits
Swoish Produce
Webco



Neil Ishida of ABC Stores wins grand prize raffle of a \$1,000 Hawaiian Airlines gift certificate.



Dwayne Fujitani and Shellie Hayashi, Pasha Hawaii



Winner of chairs/scavenger hunt game Pauline Wright of Higa Foods



Mark Poynter, Becky Spray, Ryan Day, John and Katy Erickson, Tony Amaranto, Young's Market Company



Mike Kaya, Denise Sasaki, and Kelsie Sasaki of Meadow Gold Dairies offer special prize drawing tickets.



ABC Stores table. Front: Tim Ishikawa, Kevin Chung, Kelly Degala. Back: Vince Fong, Warren Ishii, Jacky Uesato, Paul Kosasa, Terri Min, Neil Ishida, Scott Shimogawa



Nadine Miyahira, American Savings Bank



John Erickson lip syncs the Hawaiian Wedding Song to wife Katy.



Chad Cohen and Paul Kosasa compete for best Elvis impersonator.



John Erickson and Wendy Fujio



Meadow Gold Dairies table. Seated: Darrel Tajima, Kim Tran and Glenn Muranaka, Wendy Shiroma, guest. Standing: Ross Reyes, Loke Villahermosa, Lance Muranaka, Glenn Yamamoto.



Don Quijote table. Front: Liza Garcia-Mitchell, Mike Komura, Ed Sawai, Herb Gushikuma, Jeff Cagaon. Back: Craig Souza (Marukai), Makoto Hanawa, Brian Uekusa, Oliver Julian, Yuichi Katayama (Marukai)



John and Karen Schilf with HFIA Chair John Erickson (center)



Times Supermarkets: Frank Tamayose (Times/Big Save), Chester Gumban, Shane Hokama, Floyd Mikasa. KTA Super Stores: Toby Taniguchi, Janet Kanehira, Norman Kanehira, Georgeanne Kurisu, Derek Kurisu.



Anheuser-Busch table: (Seated) Jason Shigemura and Ross Boechle. (Standing) Leilani Pollard, Lyle Akazaki, Peggy Abella, Everett Nakahara, Ross Matsumoto, and Stephen Reyes



American Savings Bank Presenting Sponsor table



Two goodie bags for everyone this year.



In a combo musical chairs/scavenger hunt game, contestants find someone whose name begins with "E."



Pepsi table. Front: Sam Sanders, guest, Keri Sanders, Chris Suzuki, Kakea Chun. Back: Joh Kahiona, guest, Mark Wong, Pete Tulcina, Chris Medford.



Seated: Vera Yamamoto, Swoish Produce, with Young Brothers' Jaelyn Odani and Alison Kiyotoki (guest). Back: Walt Torrence, Greg Morishige, Chris Swoish, Tony Aki, Swoish Produce; Chris Villanueva, Dean Makama, Young Brothers.

GET on Food is Taxing

Every time we buy groceries, we are reminded of the price of living in paradise. We're actually used to paying upwards of five dollars a gallon for milk, four dollars for a loaf of bread, and don't even get started on how much a box of breakfast cereal will set you back. But then, a visitor from the mainland remarks upon "how much cheaper it is to buy alcohol here," and we do a double take. Hmmm, if it's really all about "shipping costs," as we have long assumed... well surely alcohol weighs more than puffed cereal, doesn't it? So what's the real truth behind the high cost of feeding our families?

One of the answers, though not to the actual sticker price of individual items, is the fact that Hawaii is one of only seven states that fully taxes grocery purchases. Our general excise tax is charged to sellers who then pass it on to consumers with every register transaction. In Washington, D.C. and 37 U.S. states, there is no tax on groceries and seven additional states assess a lower tax rate on groceries (under 3% on average) than here in Hawaii. Explanations for the lower tax rate usually cite the financial burden on lower income families who spend a higher percentage of their income on food than do other less needy populations.

Hawaii Revised Statutes do include a food tax rebate for lower income families, which can be requested on tax returns. Rebate

specifics vary each tax year, but generally add up to a savings of less than \$100 per year. Government assistance programs such as SNAP (Supplemental Nutrition Assistance Program, aka food stamps) are also available for those who qualify. But the average middle income family is simply not eligible for any of these options.

When high rent, expensive gasoline, and other factors are added in, the question looms: isn't it time to exempt groceries from the general excise tax? Bills are introduced nearly every legislative session and have yet to make it to the ballot despite strong support from the Hawaii Food Industry Association, the Grassroot Institute of Hawaii, the Hawaii Medical Association, and the Hawaii Premier Association.

This year, the general excise tax is even up for an across the board increase and once again has groups clamoring for a piece of the action,

especially as a way to fund rail. One version of the bill includes, in addition to a perpetual extension of the rail surcharge and a direct bonus for the Department of Transportation, a 12.5% increase in the general excise tax rate, from 4% to 4.5%. If passed, the GE tax on Oahu would increase to 5%, resulting in a tax of 5.263% on store receipts.

According to freelance political consultant and former director of grassroots for HFIA Alexis Chapman, "there has been little public engagement on the [GE tax] issue and the support from industry groups has not been enough to overcome concerns among legislators over the amount of money the state government would lose if groceries were exempted."

Statisticians say that grocery taxes are actually a decreasing source of tax revenue nationwide. In the 1950s Americans spent 20.6 percent of their disposable income on groceries, and by 2010, that figure had decreased by more than half to 9.4 percent.

Nevertheless, any decrease in tax income apparently shakes the wrong cage at the legislature. In contrast, Gov. David Ige has actually stated that one of his main priorities is to increase overall efficiency so that less government funding is needed. When less money is spent up front on groceries and other goods, there is more money available to spend elsewhere, thus stimulating the economy in other ways.

No matter the specifics, actions in the legislature affect everyone and it behooves all to pay attention and let your representatives know what matters to you, their constituents.



THE LAST WORD

BY LAUREN ZIRBEL

It is hard to believe Dick Botti retired from HFIA at the end of 2010. Reading through the Spring 2011 *Hawaii Retail Grocer* magazine, it's amazing how much has changed in six years, including consolidations, employee movements, regulatory challenges, company closures, and sales, as well as new partnerships, products, and industry innovation. Meanwhile, a lot of our association's legislative issues and challenges remain. Looking back at my Spring 2011 Legislative Update, it is rather stunning to see how many of the issues look very similar. We continue to battle legislation that makes it even harder to do business in Hawaii (already ranked dead last in the United States). We forge ahead by staying focused on policy positions that would improve the business climate in Hawaii for HFIA members. It takes a long time and a lot of work to see positive change.

In 2011, we were working toward compromise legislation on the plastic bag issue. We are still working on this issue today. We are hopeful because we finally have a Public Works, Infrastructure & Sustainability Chair at the Honolulu City Council, Councilwoman Carol Fukunaga, who is supportive of one of the few issues that environmentalists and industry agree on. This compromise provides

for a fee of
10 cents on

to-go bags. The mandatory charge will remind consumers to remember to bring their own bags. This would allow retailers to partially recover the cost of providing the more expensive bags which were mandated by the original bag bills. The fee won't cover the entire cost inflicted on retailers, who are paying upwards of 15 cents for paper or compostable bags.

The Honolulu City Council will hopefully be the trailblazer we have been waiting for with regard to second generation bag bans which accomplish the purpose set forward in the original bans of reducing single use bags. In 2014, HFIA commissioned a legal review by Watanabe Ing LLP to review the legality of Hawaii's county councils passing legislation that mandates retailers charge a 10 cent fee for bags. California has a similar situation as Hawaii in that counties are not allowed to issue taxes. However, this is not a tax; it is a mandate on businesses in which the businesses maintain 100% of the fee charged. Watanabe Ing LLP's legal review concludes that it would be legal for county councils in Hawaii to pass this legislation. We are hoping that we can finally see some closure on this issue!

Regulatory issues, which are listed as a top reason Hawaii is the worst state in the United States to operate a business, continue to come up. This year, we are facing proposed mandatory sick leave requirements for part-time and hourly workers. The cost of tracking and documenting

the necessary paperwork to prove compliance on this law for every part-time worker is likely greater than providing the paid time off. It is currently illegal under the State of Hawaii's food safety code for food service employees to come to work when they are sick. These regulations are already strictly enforced to protect the public.

Minimum wage bills pushing for \$15 an hour continue to move at the legislature. A \$15 minimum wage would effec-



tively eliminate the ability of employers to hire employees that need on the job training. Deleting entry-level training jobs make it difficult to bring in local youth and allow them to grow their skills within companies. The cost of employing individuals already increases every year as the cost of providing mandatory high benefit health insurance dramatically increases each year.

On a positive note, we have seen some tremendous leadership at the Hawaii State Capitol from House Chair of Labor Aaron Ling Johanson and House Chair of Judiciary Scott Nishimoto, who have taken the concerns of businesses to heart. We also thank Senate Chair of Consumer Protection and Health Roz Baker and House Chair of Consumer Protection Angus McKelvey for protecting Hawaii from the passage of some extremely burdensome new regulations.

The food industry is still reeling from federal regulations on menu and nutrition labeling. The cost for small businesses to comply with increasingly complex federal and state regulations is reaching a critical point. We continue to educate legislators regarding how the cost of compliance for these regulations adversely impacts our members.

It is important that we all stick together to help each other succeed. In 2011, when the administration made it a top priority to levy high taxes on alcohol and soda, we all stood together and opposed this unfair tax, and we won! Even against overwhelming odds, the food industry can win hard battles if we stick together and speak as one voice. Let's continue this proud tradition and preserve our industry for the sake of all of the residents of Hawaii! We must defend the investment that countless members have made to provide affordable and high quality food to the people of Hawaii.





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