
A BILL FOR AN ACT

RELATING TO HARBORS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. In its May 1997, Oahu commercial harbors 2020
2 plan, the department of transportation estimates that eighty per
3 cent of everything used or consumed in the State is imported and
4 that over ninety-eight per cent of these imported goods are
5 shipped by sea entering the State through our commercial
6 harbors.

7 The American Association of Port Authorities ranks Honolulu
8 as the tenth busiest of all seventy-five North American
9 container ports; however, in a study of thirteen of these
10 comparable ports, Honolulu harbor's cargo acreage places in the
11 lower thirty-one per cent of the ports studied, thereby
12 constraining Honolulu's cargo handling efficiencies by a lack of
13 space.

14 In the 2020 plan, the department of transportation states
15 that Hawaii's life-sustaining cargo operations and ocean cargo
16 carriers must be given first priority in the development of new
17 facilities to ensure safe, secure, and efficient harbor cargo
18 operations. One of the recommendations of the 2020 plan is to



1 expand container operations to the Kapalama military
2 reservation.

3 Horizon Lines is the largest domestic container shipping
4 company, operating sixteen United States-flagged vessels on
5 routes linking the continental United States with Alaska,
6 Hawaii, Guam, and Puerto Rico. Horizon Lines currently is the
7 second largest container cargo operator in the State, after
8 Matson Navigation with whom it shares a cramped container yard
9 on Sand island.

10 Horizon Lines is eager to extend its commitment to the
11 State with its willingness to invest in a large, new, and modern
12 container cargo facility at the Kapalama military reservation.
13 To ensure and encourage this large investment in a badly needed
14 harbor facility, the execution of a special facility lease with
15 Horizon Lines and the issuance of special facility revenue bonds
16 by the department of transportation to develop, furnish, and
17 equip this special facility should be expedited.

18 The legislature further finds that:

19 (1) The special facility that is the subject of this
20 special facility lease will not be used to provide
21 services, commodities, supplies, or facilities that



1 are already adequately being made available through
2 the harbors system of the State;

3 (2) The use or occupancy of the special facility under
4 this special facility lease will not result in a
5 reduction of the revenues derived from the harbors
6 system to an amount below the amount required to be
7 derived therefrom by section 39-61, Hawaii Revised
8 Statutes; and

9 (3) Entering into this special facility lease will not
10 violate or result in the breach of any covenant
11 contained in any resolution or certificate authorizing
12 any bonds of the State or department of transportation
13 now outstanding.

14 The purpose of this Act is to direct the department of
15 transportation to:

16 (1) Enter into negotiations with Horizon Lines for a
17 special facility lease of land at the Kapalama
18 military reservation for a new container yard; and

19 (2) Authorize the issuance of special facility revenue
20 bonds for the development and equipping of a new
21 container cargo facility at the Kapalama military
22 reservation.



1 SECTION 2. The provisions of part II, chapter 266, Hawaii
2 Revised Statutes, to the contrary notwithstanding, the
3 department of transportation is directed to:

4 (1) Without public bid, immediately enter into
5 negotiations with Horizon Lines for a special facility
6 lease to allow for the development, furnishing, and
7 equipping of a special facility to be used solely by
8 Horizon Lines, to include a new, state-of-the-art
9 modern maritime container cargo facility at the
10 Kapalama military reservation; and

11 (2) Upon the entering into a special facility lease with
12 Horizon Lines, issue special facility revenue bonds in
13 such principal amounts as may be necessary to yield
14 the amount of the cost of the construction,
15 furnishing, and equipping of the special facility;
16 provided that the total principal amount of the
17 special facility revenue bonds that are issued
18 pursuant to this Act shall not exceed \$100,000,000.

19 To the extent that the provisions of part II, chapter 266,
20 Hawaii Revised Statutes, are not in conflict with this section,
21 they shall remain in full force and effect.



1 SECTION 3. The director of transportation is directed to
2 report on the progress and status of the special facility lease
3 with Horizon Lines and the issuance of the special facility
4 revenue bonds to the legislature twenty days before the
5 convening of the regular session 2007.

6 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 20 2006

Report Title:

Harbors; Special Facilities Lease; Special Facilities Revenue
Bond

Description:

Directs DOT to enter into a special facilities lease with
Horizon Lines and issue special facilities revenue bonds to
assist Horizon Lines in constructing and equipping new
facilities at the Kapalama Military Reservation.

