

JAN 25 2006

S.B. NO. 2900

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# A BILL FOR AN ACT

RELATING TO HAWAII'S FISHING INDUSTRY.

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

1           SECTION 1. This Act shall be known as the "Hawaii Fishing  
2 Industry Preservation Act of 2006."

3           SECTION 2. As early as December of 1974, the department of  
4 transportation (DOT) recognized that our state's commercial  
5 fishing industry was "sick" and in need of assistance. On April  
6 3, 1975, the state land board joined DOT in concluding that the  
7 State needed to give every consideration to assisting the local  
8 commercial fishing industry.

9           Over the next several decades as the commercial fishing  
10 industry in Hawaii continued to struggle, the State of Hawaii  
11 through various programs and grants attempted to assist the  
12 industry and help plan its long term rebuilding through loans  
13 and grants.

14           During this time, there were rapid and dramatic changes in  
15 the short- and long-term plans for the Honolulu waterfront. The  
16 legislature enacted Act 328, Session Laws of Hawaii (SLH) 1997,  
17 which requested DOT to "recognize the accrued rights and  
18 interests of existing long-time lessees and permittees in the



1 project area and, except for the cause, to take no action to  
2 displace them until such time as the legislature has had the  
3 opportunity to consider possible solutions to their concerns."

4 The Act also required DOT to report to the 1998 legislature with  
5 a list of these lessees and permittees, their facility and space  
6 requirements, and recommendations on how they might be  
7 accommodated.

8 In 1998, DOT identified one lessee, failed to address the  
9 legislature's broader concerns, and submitted no further  
10 information.

11 By this time, the economy of Hawaii had stagnated and the  
12 attention of the legislature was focused on broader economic  
13 recovery issues. Since 1997, neither the legislature nor DOT  
14 have reexamined the health of the local commercial fishing  
15 industry.

16 On August 7, 2005, the owners of a local commercial fishing  
17 company widely recognized as industry leaders, paid for a full  
18 page newspaper statement that brought attention to the plight of  
19 the local commercial fishing industry and DOT's inadequate  
20 response to the legislature's inquiry in Act 328.

21 The legislature finds that:

22 (1) After many years of neglect by the State of Hawaii,



- 1 the majority of owners and employees in Hawaii's  
2 commercial fishing industry are no longer from Hawaii  
3 or native Hawaiian, and that Hawaii is in danger of  
4 becoming too dependent on foreign owners and workers;
- 5 (2) The increasing dominance of foreign and out-of-state  
6 owners and operators, as well as the influx of foreign  
7 commercial fishing workers are overwhelming the local  
8 fishing industry, posing a threat to the economy and  
9 the cultural well being of our state;
- 10 (3) Hampered by increasing federal and state regulations,  
11 local commercial fishermen are losing their place in  
12 the industry to foreign and out-of-state commercial  
13 fishermen who do not follow the same regulations and  
14 restrictions. The result is that the fishing stock is  
15 being depleted, adversely affecting local commercial  
16 fishermen and local consumers; and
- 17 (4) Increased reliance on foreign and out-of-state  
18 commercial fishermen dangerously displaces local  
19 control over the State's food supply; and
- 20 (5) It is in the state's public interest to help secure a  
21 locally owned, commercially viable fishing industry to  
22 prevent reliance on producers and suppliers that have



1           no economic, social, or cultural ties to the people of  
2           Hawaii.

3           Over the last three decades, the State has attempted to  
4 level the playing field in the commercial fishing industry by  
5 sponsoring grants and low interest loans to Hawaii-based  
6 commercial fishermen for, among other things, commercial boat  
7 construction. The legislature's intent was to assist local  
8 commercial fishermen in staying on the cutting edge in terms of  
9 economic and industry developments.

10          The legislature finds that these programs, although well-  
11 intentioned, have been mismanaged due in part to the lack of  
12 adequate funding, the untimely release of funding, and  
13 inadequate monitoring of repayment. This mismanagement has  
14 resulted in the unintended effect of hurting the local  
15 commercial fishing industry instead of assisting it.

16          The purpose of this Act is to assist the local commercial  
17 fishing industry by waiving their currently outstanding state  
18 boat loans and mooring and docking fees.

19          SECTION 3. As used in this Act:

20          "Commercial boat loan program" means boat loan programs  
21 administered by the state, including:



- 1           (1) The Hawaii fisheries new vessel construction loan
- 2                   program established under Act 193, SLH 1965, renamed
- 3                   as the Hawaii large fishing vessel purchase,
- 4                   construction, renovation, maintenance, and repair loan
- 5                   program;
- 6           (2) The Hawaii small fishing vessel purchase,
- 7                   construction, renovation, maintenance, and repair loan
- 8                   program established under Act 167, SLH 1975;
- 9           (3) The Hawaii capital loan program established under Act
- 10                   76, SLH 1963; or
- 11           (3) Any similar program administered by any state
- 12                   department or agency,
- 13           that provided local commercial fishing operators loans to build,
- 14           purchase, renovate, maintain, or repair a vessel.

15           SECTION 4. Any and all amounts of moneys, including

16           principal and interest owed on a loan obtained to build,

17           purchase, renovate, maintain, or repair a vessel under a

18           commercial boat loan program, that are currently owed to the

19           State of Hawaii are hereby waived and forgiven.

20           Any and all mooring and docking fees owed to the State of

21           Hawaii by local commercial fishing operators that may be



1 currently outstanding and delinquent are hereby waived and  
2 forgiven.

3 Ownership of any vessel subject to the loan forgiveness  
4 provided under this section shall be transferred to the local  
5 commercial fishing operator, if not already. The state shall  
6 relinquish any and all claims to the vessel.

7 SECTION 5. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$3,000,000, or so  
9 much thereof as may be necessary, to distribute money to local  
10 commercial fishing operators who owe the State of Hawaii on a  
11 loan obtained to build, purchase, renovate, maintain, or repair  
12 a vessel under a commercial boat loan program, or delinquent  
13 docking or mooring fees, to enable the local commercial fishing  
14 operators to repay their loans or delinquent fees to the State  
15 of Hawaii. The sum shall be appropriated as follows:

16 Repayment of commercial boat loan programs \$  
17 Repayment of mooring and docking fees \$

18 The sum appropriated shall be expended by the department of  
19 business, economic development, and tourism and the department  
20 of transportation for the purposes of this section.



1 SECTION 6. Any party who successfully defends the legality  
2 of this Act, or any part of this Act, shall be awarded its  
3 attorneys fees and costs, including any applicable interest.

4 SECTION 7. This Act shall take effect upon its approval,  
5 except that section 5 shall take effect only upon the  
6 invalidation of section 4 of this Act.

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INTRODUCED BY: *Spencer R. George*  
*Sharon Ann Oakland*  
*Ron Munn*  
*Rosely H. Pook*



# SB. NO. 2800

**Report Title:**

Local commercial fishing industry; loan forgiveness; fee waiver

**Description:**

Recognizes the contributions of Native Hawaiians in the development of the local commercial fishing industry and the need to promote a viable and thriving commercial fishing industry and forgives all loans made to local commercial fishing operators under the boat loan programs or any other state loan program to assist fishing operators to borrow to build or repair boats for fishing.

