

Honolulu, Hawaii
Feb 17, 2006

RE: H.B. No. 2160
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 2160 entitled:

"A BILL FOR AN ACT RELATING TO HARBORS,"

begs leave to report as follows:

The purpose of this bill is to increase cargo space for Honolulu Harbor by directing the Department of Transportation (DOT) to:

- (1) Enter into negotiations with Horizon Lines for a special facility lease of land at the Kapalama Military Reservation (KMR) for a new container yard; and
- (2) Authorize the issuance of special facility revenue bonds for the development and equipping of a new cargo facility at KMR.

The Department of the Attorney General and DOT opposed this bill.

Your Committee finds that harbor lands are a finite resource and that cargo shipping space in Honolulu Harbor is near capacity. Since Honolulu Harbor serves as the main lifeline of cargo and commerce for the State, and Hawaii is dependent upon its harbors for the movement of cargo between islands and the rest of the world, it is imperative that new container space be developed.



While KMR is an area where a new container yard and cargo facility can be developed, it will take a large investment to make badly-needed improvements to Honolulu Harbor. By executing a special facility lease with Horizon Lines, LLC, and authorizing DOT to issue special facility revenue bonds, improvements to Honolulu Harbor can be expedited.

However, your Committee understands that there may be legal concerns regarding this bill. Accordingly, your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2160, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



JOSEPH M. SOUKI, Chair



