

Honolulu, Hawaii

March 22, 2006

RE: S.B. No. 2150  
S.D. 1  
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 Water, Land, & Ocean Resources, to which was referred S.B. No. 2150, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO BOATING,"

begs leave to report as follows:

The purpose of this bill is to provide financial support for the repair and maintenance of the State's small boat harbors by:

- (1) Dedicating an unspecified percentage of the general excise tax revenues received from the direct revenues generated by the ocean recreation industry to be deposited into the Boating Special Fund (Fund);
- (2) Defining revenues generated by the ocean recreation industry as including taxable revenues generated by a list of specific businesses; and
- (3) Making a conforming amendment to law that allows the Boating Special Fund to accept deposits from the general excise tax remittance.

Jack's Diving Locker, Lahaina Divers, and a concerned individual testified in support of this bill. The Hawaii Government Employees Association, Hawaii Boaters Political Action Association, Ocean Tourism Coalition, Trilogy Excursions supported the intent of this bill with amendments. The Department of Land



and Natural Resources (DLNR), Department of Taxation, and a concerned individual opposed this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Specifying 50 percent of the general excise tax collected as the amount to be credited to the Fund;
- (2) Changing the general excise tax revenues received from permittees whose vessels are used for commercial activities in small boat harbors to be deposited into the Fund; and
- (3) Prohibiting the transfer of small boat harbors to the counties unless expressly provided by law.

The amendment prohibiting the transfer of small boat harbors to counties has been necessitated because discussions and written communications between DLNR and the various counties strongly indicate that the department has been attempting to administratively effect such a transfer, contrary to its explanation that such discussions and written communications have only been for inquiry and exploratory purposes.

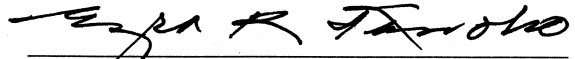
Article VI, section 6 of the Hawaii State Constitution, mandates that the functions of the state government be allocated by law among its principle departments. The law, section 200-3, Hawaii Revised Statutes (among other sections), clearly places the operation, administration, and maintenance of the small boat within DLNR. It was the Legislature that transferred the small boat harbors from the Department of Transportation to DLNR. It is the Legislature, not DLNR, that will determine the disposition of the small boat harbors.

As affirmed by the record of votes of the members of your Committee on Water, Land, & Ocean Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2150, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2150, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the



Committee on Water, Land, &  
Ocean Resources,

  
EZRA R. KANOHO, Chair



