

Honolulu, Hawaii

MAR 16 2007

RE: H.B. No. 250  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Transportation and International Affairs, to which was referred H.B. No. 250, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ALOHA TOWER DEVELOPMENT CORPORATION,"

beg leave to report as follows:

The purpose of this measure is to meet the critical demand for state harbor infrastructure projects, expansion, and upgrades by establishing a formal partnership between the Aloha Tower Development Corporation and the Department of Transportation that will allow the Aloha Tower Development Corporation to assist in selected harbor projects throughout the State.

Specifically, this measure amends chapter 206J, Hawaii Revised Statutes, by adding a new section that:

- (1) Allows the Aloha Tower Development Corporation to undertake projects for commercial harbors under the jurisdiction of the Department of Transportation;
- (2) Requires that any payments made by the Department of Transportation to the Aloha Tower Development Corporation for the Development Corporation's administrative and operational expenses are deposited into the Aloha Tower Fund, under a designated sub-account for the particular harbor project;



- (3) Subjects the Aloha Tower Development Corporation to legislative approval on a project-by-project basis for the funding of and participation in harbor projects; and
- (4) Requires the Aloha Tower Development Corporation to apply any revenues derived from commercial development projects in the area seaward of Nimitz Highway between Pier 4 and the Honolulu International Airport, subject to existing contractual and statutory commitments to the Department of Transportation, to defray the cost of harbor infrastructure improvements incurred within the State.

Testimony in support of this measure was submitted by the Department of Transportation; the Aloha Tower Development Corporation; Alexander and Baldwin, Inc.; Matson Navigation Company; the Hawaii Harbor Users Group; the Maritime Consultants of the Pacific; and the Chamber of Commerce of Hawaii.

The State imports approximately eighty per cent of all of its goods, and of that percentage, ninety-eight per cent of these goods arrive into Hawaii through the State's commercial harbor system. If the capacity of the state harbors is constrained, adverse statewide economic effects will be experienced, including a shortage of essential goods, delays in the delivery of goods, and an increase in costs.

Although the Department of Transportation and harbor users anticipated an increase in the overall volume of cargo processed through Hawaii's commercial harbor system, the actual growth in activity has occurred at a faster rate than projected, thus, requiring the State to accelerate its efforts in implementing projects to redevelop existing harbor facilities and provide expansion for harbor use. The Department of Transportation is unable to effectively meet this increased demand because its Harbors Division is focused primarily on the essential daily management and operations of the commercial harbor system rather than on development, and there is a lack in funding to support these costly improvement projects.

Your Committees find that a failure to resolve issues relating to the expansion of state commercial harbors will eventually limit the growth in the State's economy. Thus, permitting the Department of Transportation to establish a



partnership with the Aloha Tower Development Corporation will enable the Department to more quickly expand the use of the State's commercial harbors and improve the infrastructure of the harbors.

Your Committees were concerned with the broad scope of this measure applying to all state harbors. Although your Committees recognize that the harbors on the neighbor islands are also in need of expansion and improvement, your Committees believe that it is a misnomer for the Aloha Tower Development Corporation to assist in projects other than projects for Honolulu Harbor.

Instead, your Committees request that the Department of Transportation develop an alternative recommendation for the necessary assistance in projects for other harbor facilities. Furthermore, your Committees request that the Department submit a report to the Legislature with a prioritized list of harbor facilities that are in most dire need of expansion or improvement, and provide the scope of the improvements envisioned with the estimated costs of these improvements.

Accordingly, your Committees have amended this measure by adopting similar language from S.B. No. 1361, S.D. 1, that:

- (1) Deletes section 1 of this measure and adds language from section 1 of S.B. No. 1361, S.D. 1;
- (2) Narrows the scope of the measure from including all commercial harbors to only Honolulu Harbor;
- (3) Clarifies that the authorization for funding and participation of the Aloha Tower Development Corporation in Honolulu Harbor projects are subject to legislative approval, subject to any terms, conditions, or limitations enacted by the Legislature; provided that the projects only apply to Honolulu Harbor;
- (4) Deletes references made to revenues derived from commercial development projects in the area seaward of Nimitz Highway between Pier 4 and the Honolulu International Airport to be used to defray improvement costs, and adds a reference to revenues derived from commercial development projects in the Aloha Tower project area;



- (5) Deletes the effective date of July 1, 2020, and adds language that makes this measure effective upon approval; and
- (6) Makes technical, nonsubstantive amendments for the purposes of style and consistency.


Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to meet the critical demand for state harbors use and expansion.

As affirmed by the records of votes of the members of your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Transportation and International Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 250, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 250, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Water, Land, Agriculture, and Hawaiian Affairs and Transportation and International Affairs,



J. KALANI ENGLISH, Chair




RUSSELL S. KOKUBUN, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Water, Land, Agriculture and Hawaiian Affairs**  
**WAH**

Bill / Resolution No.:* <b>HB 250, HD2</b>	Committee Referral: <b>WAH/TIA, WAM</b>	Date: <b>3/12/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	X			
TOKUDA, Jill N. (VC)	X			
FUKUNAGA, Carol	X			
HEE, Clayton				X
SLOM, Sam	X			
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:                              Original                              Yellow                              Pink File with Committee Report             Clerk's Office                        Drafting Agency				

\*Only one measure per Record of Votes

