

Honolulu, Hawaii

March 19, 2008

RE: S.B. No. 3227
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Transportation and Water, Land, Ocean Resources & Hawaiian Affairs, to which was referred S.B. No. 3227, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HARBORS,"

beg leave to report as follows:

The purpose of this bill is to improve, develop, and modernize the State's commercial harbors by:

- (1) Expanding the authority of the Aloha Tower Development Corporation (ATDC) to assist in the development of the statewide harbors modernization plan;
- (2) Establishing the Harbors Modernization Group (Group) as a subgroup of the ATDC Board of Directors to implement specific harbor projects that constitute the Commercial Harbors Modernization Plan;
- (3) Authorizing the Department of Transportation (DOT) to issue revenue bonds, and appropriating bond funds to finance these harbor improvements;
- (4) Extending the term from 35 years to 70 years for the disposition of public lands for maritime and maritime-related operations; and



- (5) Transferring jurisdiction over Hana harbor, except for its small boat ramp facility.

DOT, ATDC, The Chamber of Commerce of Hawaii, Hawaii Harbor Users Group, ILWU Local 142, Maui County Farm Bureau, and a concerned individual testified in support of this bill. The Department of Planning and Permitting of the City and County of Honolulu supported this measure with amendments. The Department of Land and Natural Resources (DLNR) provided comments.

Hawaii's harbors serve as a vital link between our state and the rest of the country, as well as the world. As an island state, Hawaii depends on its harbors to import a vast majority of the goods used by Hawaii's consumers. In fact, it is estimated that 98 percent of Hawaii's imported goods pass through its harbors. Hawaii's harbors also serve as the starting point for the exporting of products made in Hawaii to ports around the globe. Thus, our harbors play a major role in the everyday lives of Hawaii's residents.

Despite their importance, there is a shortage of port facilities at our commercial harbors. Critical capacity issues, including a lack of berthing space, and necessary infrastructure improvements to upgrade current facilities and harbor expansion have not been addressed over the years, mainly because of a lack of revenue generation by and funding for our harbors system.

Your Committees find that ATDC has the expertise to develop harbor infrastructure and facilities. DOT is responsible for all commercial harbors in the State, but does not have the necessary resources to keep up with the continuing demands for further improvement and development of additional, desperately needed harbor facilities. The partnership of these two agencies will allow the State to leverage its resources for the benefit of harbor users.

The expected growth in cargo transportation, ferry systems, and other harbor uses necessitates immediate action to improve our commercial harbors. The comprehensive, system-wide harbor improvement strategy proposed by this measure is an important step in the State's long-range planning goals for its commercial harbor system and is an attempt to address the critical, time sensitive need for modernizing and improving Hawaii's harbor system.



Your Committees also find that it is important for improvements to be made to the pier facilities at Hana Harbor. Transferring jurisdiction of these facilities from DLNR to DOT and authorizing DOT to use revenue bonds for Hana Harbor improvements will allow these improvements to be made in a more timely manner.

Your Committees have amended this bill by deleting its contents and inserting the language of H.B. No. 3406, H.D. 1. As amended, this measure:

- (1) Establishes the Group as a subgroup of ATDC's Board of Directors to implement specific harbor projects that constitute the Commercial Harbors Modernization Plan;
- (2) Authorizes DOT to issue revenue bonds to finance these harbor improvements;
- (3) Appropriates an unspecified amount of bond funds to finance these harbor improvements;
- (4) Extends the term from 35 years to 70 years for the disposition of public lands for maritime and maritime-related operations; and
- (5) Repeals the Group on June 30, 2016.

In addition, your Committees have reinserted language from S.B. No. 3227, S.D. 2, that:

- (1) Transfers jurisdiction over Hana harbor, except for its small boat ramp facility.
- (2) Authorizes DOT to issue revenue bonds to finance improvements at the Hana pier; and
- (3) Relates to the transfer of jurisdiction, functions, powers, duties, and authority between DLNR and DOT; executive orders, revocable permits, easements, and rights of entry; conformity of Acts; and liberal construction.

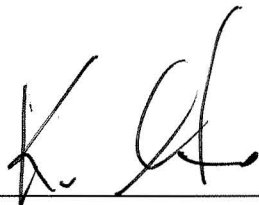


Finally, your Committees have further amended this measure by:

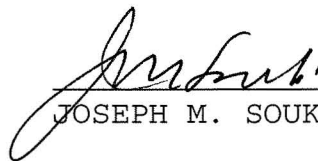
- (1) Changing its effective date from July 1, 2030, to July 1, 2008;
- (2) Providing for the disposition of any moneys or funds under the management of the Group when the Group is repealed and requiring the funds to be deposited into DOT's harbor special fund; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Transportation and Water, Land, Ocean Resources & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3227, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3227, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Water, Land, Ocean
Resources & Hawaiian Affairs,



KEN ITO, Chair



JOSEPH M. SOUKI, Chair



