

Honolulu, Hawaii

MAR 19 2010

RE: H.B. No. 2741
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred H.B. No. 2741, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SMALL BOAT HARBORS,"

begs leave to report as follows:

The purpose of this measure is to clarify the law pertaining to commercial fishing vessels.

Specifically, this measure:

- (1) Requires a permittee of certain commercial fishing vessels to pay a fee two times the moorage fee of a recreational vessel;
- (2) Allows a person to transfer stock or interest in a corporation or business entity operating a commercial fishing vessel while allowing the corporation or business entity to retain its mooring permit under certain circumstances; and
- (3) Defines "commercial fishing activity."

Testimony in support of this measure was submitted by one individual. One state agency submitted comments. Written testimony presented to the Committee may be reviewed on the Legislature's website.



Your Committee recognizes that a mooring permit is an asset to any commercial fishing operation. Recent administrative changes have resulted in commercial fishing operations being unable to transfer their mooring permits with the sale or transfer of the business, which results in a significant decrease in the value of the business. This measure will allow these operations to transfer their mooring permits with the business under certain circumstances. Additionally, this measure will help level the playing field for commercial fishing operations and commercial passenger vessels. Presently, commercial passenger vessels pay two times the slip rental or three per cent of their gross revenue, to cover boat harbor services including parking, water, cleaning, garbage collection, etc. Increasing the fees for commercial fishing operations to two times the moorage fee assessed for recreational vessels, similar to what commercial passenger vessels pay, is fair and will help the State cover the costs of operating and maintaining small boat harbors.

Another way to raise revenues to cover the costs of operating and maintaining small boat harbors is to raise liveaboard fees. These fees are set in statute, and according to the Department of Land and Natural Resources, have not been raised since 1992. Your Committee finds that the Department of Land and Natural Resources needs the flexibility to adjust fees through administrative rules, rather than having the fees set in statute.

Your Committee has amended this measure by:

- (1) Disallowing the seller's retention of its mooring permit or any other permit issued by the Department of Land and Natural Resources if the transfer of stock or interest in a corporation or business entity operating a commercial fishing vessel is to an employee, shareholder, officer of the corporation, or member of the seller's immediate family;
- (2) Limiting the allowance of a person to transfer stock or interest in a corporation or business entity while retaining its mooring permit or other permits to a one-time transfer;
- (3) Adjusting liveaboard fees for permittees of vessels that are used for a place of principal habitation in state small boat harbors from \$5.20 a foot of vessel length a



month for state residents and \$7.80 per month for nonresidents, to:

- (A) Three times the moorage fees assessed per month for a recreational vessel of the same size, if the permittee is a state resident; and
- (B) Three and one-half times the moorage fees assessed per month for a recreational vessel of the same size, if the permittee is a nonresident; and
- (4) Specifying that the foregoing liveaboard fees shall be in lieu of, rather than in addition to, moorage fees;
- (5) Deleting the requirement that moorage fees be established at a higher rate for nonresidents;
- (6) Changing the effective date of the measure to July 1, 2050, to facilitate further discussions; and
- (7) Making technical, nonsubstantive changes for the purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2741, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2741, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Water, Land, Agriculture, and Hawaiian Affairs,



CLAYTON HEE, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

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

Bill / Resolution No.:* HB 2741 HD1	Committee Referral: WTL, WAM	Date: 3/17/10 3/15/10 RA
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The committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	/			
TOKUDA, Jill N. (VC)				/
BUNDA, Robert	/			
FUKUNAGA, Carol		/		
KOKUBUN, Russell S.	/			
TAKAMINE, Dwight Y.	/			
HEMMINGS, Fred				/
TOTAL	4	1		2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:
Russell Kohl

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*Only one measure per Record of Votes