

LINDA LINGLE  
GOVERNOR OF HAWAII



KŪKULU KE EA A KANALOA

**KAHO'OLAWE ISLAND RESERVE COMMISSION**

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Michael K. Nāho'opi'i  
*Executive Director*

**Testimony of  
MICHAEL K. NAHO'OPI'I  
Executive Director**

**SUPPORT**

**Before the House Committees on  
HAWAIIAN AFFAIRS  
and  
WATER, LAND, AND OCEAN RESOURCES**

**Wednesday, February 3, 2010  
9:00 AM  
State Capitol, Conference Room 329**

**In consideration of  
HOUSE BILL 1961  
RELATING TO THE KAHO'OLAWE REHABILITATION TRUST FUND**

House Bill 1961 would impose a \$1 surcharge on each customer who participates in an ocean recreational activity or tour in the Molokini Shoal Marine Life Conservation District and direct the collected surcharges to the Kaho'olawe Rehabilitation Trust Fund. The Kaho'olawe Island Reserve Commission (KIRC) supports this measure to provide permanent state statutory funding for the restoration of Kaho'olawe.



# Ocean Tourism Coalition

*The Voice for Hawaii's Ocean Tourism Industry*  
Century Square-1188 Bishop St., Ste. 1003  
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February 3, 2010

## OPPOSED

Testimony To: House Committee on Hawaiian Affairs  
Representative Mele Carroll, Chair

House Committee on Water, Land, & Ocean Resources  
Representative Ken Ito, Chair

Presented By: James Coon  
President

Subject: H.B. 1961 – RELATING TO THE KAHO'OLAWE REHABILITATION TRUST FUND

Chair Carroll, Chair Ito and Members of the Joint Committees:

I am Jim Coon, President of the Ocean Tourism Coalition (OTC) speaking with

**STRONG OPPOSITION to HB 1961.**

There are 41 small businesses that operate tours to the Molokini Shoals Marine Life Conservation District under permits issued by DAR/DLNR. Each one of these business is fighting for their very survival in this very difficult economic climate. Tourists already are not spending as much to take tours like the ones we offer. Our passenger counts are down significantly in spite of heavy discounting in the marketplace. The tourists are looking for the least expensive vacation possible. Every time we add a cost to do our products, we lose business. The cost to do activities helps drive

the decision whether or not to vacation in Hawaii. I believe that the net loss to the state will actually outweigh whatever revenue would be garnered from this plan. Also it places added burdens on our companies for collecting, reporting, and administrating this onerous fee/surcharge.

As the bill is written, it appears that the tour operator has the expectation to collect the \$1 surcharge from the tourist. If somehow the tourist doesn't pay the operator, the Department will initiate collection action against the tourist. There are many ways payment could be overlooked. Many of the tourists make reservations on line or through an activity desk. It may be that the activity desk neglected to collect the surcharge, yet the tourist is liable for it. Or the tourist on line booking somehow neglected to charge the fee. I can see it now; a family finds that they somehow didn't pay the surcharge and has an outstanding warrant to pay from the State of Hawaii and is afraid to come back.

It is unclear how large this net is cast. It looks like it might affect any ocean recreation business whether or not they go to Molokini. What about a company that has products that go to Molokini but also other ocean recreation products? Are all the products of this company subject to the Molokini surcharge even if the tourist does not go to Molokini?

The many small businesses that earn their livelihood from a pristine and protected marine environment are already supporting various non profit and environmental organizations that help protect and preserve our natural resources. They are also trying to keep their staff employed and their businesses afloat.

We applaud the effort that has gone into the Kaho'olawe restoration but we cannot afford to be the funding source.

Please Kill HB 1961.



**Lahaina Divers**  
*a hawaiian experience like none other*

**OPPOSED**

February 3, 2010

Testimony To: House Committee on Hawaiian Affairs  
Representative Mele Carroll, Chair

House Committee on Water, Land, & Ocean Resources  
Representative Ken Ito, Chair

Presented By: Greg Howeth, President  
Lahaina Divers Inc.

Subject: H.B. 1961 – RELATING TO THE KAHO’OLAWE REHABILITATION TRUST FUND

Chair Carroll, Chair Ito and Members of the Joint Committees:

I am Greg Howeth, President of the Lahaina Divers Inc. speaking with

**STRONG OPPOSITION to HB 1961.**

In the last year we have seen jobs disappear at an alarming rate in our state and our passenger counts are down significantly in spite of heavy discounting in the marketplace. The tourists are looking for the least expensive vacation possible. Every time we add a cost to do our products, we lose visitors to the State of Hawaii. The cost to do activities helps drive the decision whether or not to vacation in Hawaii. The net loss to the state will actually outweigh the revenue garnered from

this plan. It places added burdens on our companies for collecting, reporting, and administering this fee/surcharge.

Many small businesses earn their livelihood from a pristine and protected marine environment and are already support various non profit and environmental organizations that help protect and preserve our natural resources. They are also trying to keep their staff employed and their businesses afloat.

We appreciate the effort that has gone into the Kaho'olawe restoration but we cannot afford to be the funding source.

Please Kill HB 1961.

From: Maui Classic Charters [info@MauiClassicCharters.com]  
Sent: Tuesday, February 02, 2010 11:59 AM  
To: HAWtestimony  
Subject: Testimony Re HB#1961  
Attachments: Lynse Frank.vcf

**OPPOSED**

**Testimony Regarding the**  
**Proposed Molokini Recreational Surcharge for the**  
**Kaho'olawe Rehabilitation Trust Fund**  
**HB #1961**

As an owner and operator of Maui Classic Charters, Inc., a company that operates two snorkel boats that conducts tours in the Molokini Shoal Conservation District, I am utterly amazed to hear of the impending House Bill #1961, with testimony scheduled for TOMORROW, February 3rd, as we have not received ANY OFFICIAL PRIOR NOTICE from the state regarding this passenger surcharge which will dramatically effect our operations and several other charter boat companies on Maui.

The boating community that provides these snorkel trips to Molokini should have been informed about this proposal and been queried about pros and cons of such a bill, before coming up for discussion.

There are several points which I would like to address.

1. How is the charter boat industry supposed to charge the \$1 per person surcharge to visit Molokini. At least half, if not more, of our reservations are booked by various activity companies. If we add \$1 per person for each passenger (and by the way, does this include infants 2 and under who aren't charged for a seat on the boat in the first place?) for a tour **which may or may not go to Molokini depending on weather conditions that day**, how are we, or the activity desks which have the passengers' monies, to refund those passengers who do not go to Molokini?

I don't know if your committee is aware of the fact that Molokini as a snorkel destination is strictly dependent on weather. Often times we head out to Molokini and have to turn around and go to an alternate dive site as the waters in Molokini have become unsafe for snorkelers. If we put snorkelers in the water at Molokini and then have to remove them in ten minutes when the weather suddenly changes, forcing us to go to an alternative dive site, would we still be required to pay the \$1 per person surcharge?

This would be an absolute accounting nightmare to refund all those passengers \$1 each who doesn't get to go to Molokini.

2. Why is it that the mostly tourists who are visiting Molokini are being taxed for an island (Kaho'olawe) that they are not visiting? In all likelihood they will never even be able to visit the island of Kaho'olawe. Shouldn't this Rehabilitation Trust Fund, if it needs additional funds, be contributed by those of us who live here throughout the entire state? It just doesn't make sense to tax these tourists for someplace they will never be able to see or experience. The State needs to take responsibility and fund the Rehabilitation Trust Fund, not the tourists.

3. How long in duration does this proposed bill plan on receiving the \$1 per person surcharge? Is there an end date or is this proposed Kaho'olawe surcharge going to be charged in perpetuity?

4. Is this proposed surcharge of \$1 per person going to increase in the future? And if so, who decides what the new fee would be?

5. And finally, this Kaho'olawe Rehabilitation Trust Fund proposal and the new rules and regulations just put in place for the Molokini Shoal Marine Life Conservation District smacks of collusion! Was this the plan all along? For those of you who are unaware of the new rules of the Molokini Shoal Marine Life Conservation District, the tour boat operators are now required to keep a daily log of how many passengers they take to Molokini.

In conclusion, as an owner and operator of a charter boat company that takes passengers out to Molokini, this does not seem like a very workable plan. We are all in favor of the good work being done at Kaho'olawe but don't feel that this is the way to fund that work. Has there been any concerted effort to raise money for this fund from the private sector or the general public that lives here in Hawaii and understands the Kaho'olawe mission? I would suggest that approach be taken first and makes more sense.

Thank you for taking the time to read my testimony and comments,

Mary Jane Caldwell  
Vice President  
Maui Classic Charters, Inc.