
HOUSE CONCURRENT RESOLUTION

REQUESTING THE DIRECTOR OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM TO ESTABLISH A WORKING GROUP TO STUDY, CONSIDER,
AND RECOMMEND WAYS TO REDUCE THE TRANSPORT TIME AND COST OF
SHIPPING GOODS TO OAHU FROM MOLOKAI, LANAI, AND HANA, MAUI.

1 WHEREAS, the State is detrimentally reliant on the
2 importation of goods, including agricultural and retail goods;
3 and
4

5 WHEREAS, buying locally produced goods promotes a
6 sustainable economic environment in the State; and
7

8 WHEREAS, the residents of the various islands of the State,
9 including Maui, grow and manufacture agricultural and retail
10 goods that are in high demand throughout the State; and
11

12 WHEREAS, the residents of Oahu consume more goods than
13 residents of any other county; and
14

15 WHEREAS, shipping goods to Oahu from Molokai, Lanai, and
16 Hana, Maui, is costly and time-consuming; and
17

18 WHEREAS, new efficiencies in shipping goods from the County
19 of Maui to Oahu would result in increased jobs and economic
20 activity that will benefit all residents of the State; now,
21 therefore,
22

23 BE IT RESOLVED by the House of Representatives of the
24 Twenty-seventh Legislature of the State of Hawaii, Regular
25 Session of 2013, the Senate concurring, that the Director of
26 Business, Economic Development, and Tourism is requested to
27 establish a working group to study, consider, and recommend ways
28 to reduce the time and cost of shipping goods to Oahu from
29 Molokai, Lanai, and Hana, Maui; and
30



1 BE IT FURTHER RESOLVED that, in addition to other
2 strategies, the working transport group is requested to consider
3 the following strategies for reducing transport time and cost:
4

- 5 (1) Identifying and proposing amendments to any existing
6 statute, administrative rule, or ordinance to reduce
7 transport time and cost;
- 8
- 9 (2) The feasibility of alternative modes of transportation
10 or other means of shipping freight between islands;
- 11
- 12 (3) Reducing taxes or creating tax incentives; and
- 13
- 14 (4) Any other issues that the working group considers
15 appropriate; and
16

17 BE IT FURTHER RESOLVED that the Director of Business,
18 Economic Development, and Tourism is requested to serve as the
19 chairperson of the working group and invite the following
20 persons, or their respective designees, to serve as members of
21 the working group:
22

- 23 (1) The Director of Transportation;
- 24
- 25 (2) The Director of Taxation;
- 26
- 27 (3) The Chairperson of the Board of Agriculture;
- 28
- 29 (4) A county official from the County of Maui, to be
30 appointed by the Mayor of the County of Maui;
- 31
- 32 (5) A representative from the airline industry, to be
33 appointed by the Senate President;
- 34
- 35 (6) A member representing the Island of Molokai, appointed
36 by the President of the Senate;
- 37
- 38 (7) A member representing the Island of Lanai, appointed
39 by the Governor; and
- 40
- 41 (8) A member representing the community of Hana, Maui,
42 appointed by the Speaker of the House of
43 Representatives; and
44



H.C.R. NO. 204

1 BE IT FURTHER RESOLVED that the Department of Business,
2 Economic Development, and Tourism is requested to provide all
3 administrative, technical, professional, and clerical support
4 required by the working group for matters pertaining to this
5 measure; and
6

7 BE IT FURTHER RESOLVED that the working group is requested
8 to report to the Legislature its findings and recommendations,
9 including any proposed legislation, no later than twenty days
10 prior to the convening of the Regular Session of 2014; and
11

12 BE IT FURTHER RESOLVED that the working group cease to
13 exist on June 30, 2014; and
14

15 BE IT FURTHER RESOLVED that certified copies of this
16 Concurrent Resolution be transmitted to the Governor, President
17 of the Senate, Speaker of the House of Representatives, Director
18 of Business, Economic Development, and Tourism, Director of
19 Transportation, Director of Taxation, Chairperson of the Board
20 of Agriculture, and the Mayor of Maui County.
21
22
23

OFFERED BY:

Mike Canole

AA

MAR 13 2013





**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

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Statement of
Richard C. Lim
Director
Department of Business, Economic Development, and Tourism
before the
**House Committee on Transportation
and
Economic Development & Business**
Wednesday, April 3, 2013
11:10 AM
State Capitol, Conference Room 309

in consideration of
**HCR 204 REQUESTING THE DIRECTOR OF BUSINESS, ECONOMIC
DEVELOPMENT, AND TOURISM TO ESTABLISH A WORKING GROUP TO STUDY,
CONSIDER, AND RECOMMEND WAYS TO REDUCE THE TRANSPORT TIME AND
COST OF SHIPPING GOODS TO OAHU FROM MOLOKAI, LANAI, AND HANA,
MAUI.**

Chairs Yamane and Tsuji, Vice Chairs Ichiyama and Ward, and Members of the Committee.

The Department of Business, Economic Development, and Tourism, (DBEDT) appreciates the overall concept of HCR 204. However, DBEDT has strong concerns regarding the negative impact on our budget. We recommend that the Public Utilities Commission be added to the working group.

DBEDT defers to other appropriate state agencies for further comments on this measure.

Thank you for the opportunity to submit testimony on this resolution.

Council Chair
Gladys C. Baisa

Vice-Chair
Robert Carroll

Council Members
Elle Cochran
Donald G. Couch, Jr.
Stacy Crivello
Don S. Guzman
G. Riki Hokama
Michael P. Victorino
Mike White



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

April 2, 2013

TO: The Honorable Ryan I. Yamane, Chair
House Committee on Transportation

The Honorable Clift Tsuji, Chair
House Committee on Economic Development & Business

FROM: Gladys C. Baisa
Council Chair

Handwritten signature of Gladys C. Baisa in black ink.

SUBJECT: **HEARING OF APRIL 3, 2013; TESTIMONY IN SUPPORT OF HCR 204, REQUESTING THE DIRECTOR OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO ESTABLISH A WORKING GROUP TO STUDY, CONSIDER, AND RECOMMEND WAYS TO REDUCE THE TRANSPORT TIME AND COST OF SHIPPING GOODS TO OAHU FROM MOLOKAI, LANAI, AND HANA, MAUI**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to request the establishment of a working group to recommend ways to reduce the transport time and cost of shipping goods to Oahu from Molokai, Lanai, and Hana, Maui.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. Being an island state, Hawaii's unique situation requires that we make every effort to foster a sustainable economic environment.
2. Becoming less reliant on importing goods from elsewhere will support local retailers and encourage agricultural activities in Molokai, Lanai, and Hana.
3. To better promote buying and consuming produce and other retail items from Maui County, the State needs to find ways to transport goods to Oahu from Molokai, Lanai, and Hana that are less costly and time-consuming.

For the foregoing reasons, I support this measure.

Council Chair
Danny A. Mateo



Director of Council Services
Ken Fukuoka


Vice-Chair
Joseph Pontanilla

Council Members
Gladys C. Baisa
Robert Carroll
Elle Cochran
Donald G. Couch, Jr.
G. Riki Hokama
Michael P. Victorino
Mike White

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April 2, 2013

TO: Honorable Ryan I. Yamane, Chair
House Committee on Transportation
Honorable Clift Tsuji, Chair
House Committee on Economic Development and Business

FROM: Robert Carroll 
Council Vice Chair

DATE: Wednesday, April 3, 2013

SUBJECT: **SUPPORT OF HCR 204, REQUESTING THE DIRECTOR OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO ESTABLISH A WORKING GROUP TO STUDY, CONSIDER, AND RECOMMEND WAYS TO REDUCE THE TRANSPORT TIME AND COST OF SHIPPING GOODS TO OAHU FROM MOLOKAI, LANAI, AND HANA, MAUI.**

I support HCR 204 for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to support this measure.

Council Chair
Gladys C. Baisa

Vice-Chair
Robert Carroll

Council Members
Elle Cochran
Donald G. Couch, Jr.
Stacy Crivello
Don S. Guzman
G. Riki Hokama
Michael P. Victorino
Mike White

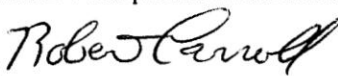


Director of Council Services
David M. Raatz, Jr., Esq.

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April 1, 2013

TO: Honorable Ryan I Yamane, Chair
House Committee on Transportation
Honorable Clift Tsuji, Chair
House Committee on Economic Development and Business

FROM: Robert Carroll 
Council Member, East Maui

DATE: Wednesday, April 3, 2013

SUBJECT: **SUPPORT OF HCR 204, REQUESTING THE DIRECTOR OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO ESTABLISH A WORKING GROUP TO STUDY, CONSIDER, AND RECOMMEND WAYS TO REDUCE THE TRANSPORT TIME AND COST OF SHIPPING GOODS TO OAHU FROM MOLOKAI, LANAI, AND HANA, MAUI.**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to request the Director of Business, Economic Development, and Tourism to establish a working group to study, consider, and recommend ways to reduce the transport time and cost of shipping goods to Oahu from Molokai, Lanai, and Hana, Maui.

I support this measure for the following reasons:

1. As the County Council representative from East Maui I can affirm that costs for many goods are significantly more expensive because of the excess cost of transporting to remote locations such as Hana, Molokai and Lanai.
2. Our residents are at a severe disadvantage over the residents within higher population areas and locations that are more accessible for goods and services. This imbalance is not fair to residents of Molokai, Lanai and Hana, because many of these people are life-long residents of these locations and family lineage dates back many generations. They should be rewarded, not punished, for their dedication to heritage, family and their community.
3. The shipping and transportation industry will drive the costs for shipping goods to Molokai, Lanai, and Hana. The shipping and transportation industry must be held responsible and be very much part of the conversation to assist in determining potential resolutions to the high costs of shipping.

For the foregoing reasons, I support this measure.

Council Chair
Gladys C. Baisa

Vice-Chair
Robert Carroll

Council Members
Elle Cochran
Donald G. Couch, Jr.
Stacy Crivello
Don S. Guzman, Esq.
G. Riki Hokama
Michael P. Victorino
Mike White



Director of Council Services
David M. Raatz, Jr., Esq.

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April 2, 2013

TO: The Honorable Ryan I. Yamane, Chair, House Committee on Transportation
The Honorable Clift Tsuji, Chair, House Committee on Economic Development
& Business

FROM: G. Riki Hokama, Maui County Councilmember/Lanai seat

A handwritten signature in black ink, appearing to read "R. Hokama".

SUBJECT: Testimony in Support of HCR 204 requesting the Director of Business, Economic Development, and Tourism to establish a working group to study, consider, and recommend ways to reduce the transport time and cost of shipping goods to Oahu from Molokai, Lanai, and Hana, Maui (Public Hearing: Wednesday, April 03, 2013 at 11:10 am in House Conference Room 309)

As the Lanai member on the Maui County Council, I offer testimony in support of the subject resolution. This resolution would establish a study group under the auspices of the Department of Business, Economic Development, and Tourism (DBEDT) to study, consider, and recommend ways to reduce the transport time and cost of shipping goods to Oahu from Molokai, Lanai, and Hana, Maui. The working group would be chaired by the Director of DBEDT and include the Director of Transportation, Director of Taxation, Chairperson of the Board of Agriculture, a County of Maui official appointed by its Mayor, a representative from the airline industry appointed by the Senate President, a member from Molokai appointed by the Senate President, a member from Lanai appointed by the Governor, and a member from the community of Hana appointed by the Speaker of the House.

Addressing these inter-island transport issues is timely and pertinent, as we seek to achieve economic sustainability and create job opportunities. On Lanai, there is renewed interest in agricultural production and a potential to expand markets for local game, such as venison.

I concur with testimony in support submitted by Maui County Council Chair Gladys C. Baisa.

Thank you for the opportunity to offer this testimony.

cc: Maui County Council Chair Gladys C. Baisa

HOUSE COMMITTEE ON TRANSPORTATION
THE HONORABLE RYAN I. YAMANE, CHAIR
THE HONORABLE LINDA ICHiyAMA, VICE CHAIR

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
THE HONORABLE CLIFT TSUJI, CHAIR
THE HONORABLE GENE WARD, VICE CHAIR

HOUSE CONCURRENT RESOLUTION 204, scheduled for hearing on April 3, 2013

Testimony of Roy Catalani, Vice President of Strategic Planning and Government Affairs

Chair Yamane, Vice Chair Ichiyama, Chair Tsuji, Vice Chair Ward, and Members of the House Committee on Transportation and House Committee on Economic Development & Business:

Young Brothers, Limited (*Young Brothers*) offers these observations on House Concurrent Resolution 204 (HCR204).

HCR204 requests that the Department of Business, Economic Development, and Tourism establish a working group “to study, consider, and recommend ways to reduce the transport time and cost of shipping goods to Oahu from Molokai, Lanai, and Hana, Maui” and to report its findings and recommendations to the Legislature prior to the convening of the Regular Session of 2014. To help this Committee in its deliberations on this bill, Young Brothers offers the following observations and background.

On a statewide basis, Young Brothers operates 12 weekly roundtrip port calls per week in a “hub and spoke system” in which Honolulu Harbor operates as the hub. We sail twice weekly to Moloka`i and once weekly to Lāna`i. On **Sunday** night, a Young Brothers barge departs Honolulu and arrives in Kaunakakai on Moloka`i early **Monday** morning (and, like other Young Brothers sailings, sails through the night to arrive in the early morning hours in neighbor island ports in coordination with early morning trucking and delivery schedules). This barge is unloaded Monday morning in Moloka`i (with cargo being available for Moloka`i customers on Monday). By late Monday afternoon, the barge is backloaded with Moloka`i cargo, including agricultural cargo, destined for Honolulu. The vessel departs for a night sail and arrives in Honolulu on **Tuesday** morning.

On Tuesday morning, this Moloka`i cargo is unloaded in Honolulu and made available for Honolulu customers for pick-up (and, if any of the Moloka`i cargo is destined for another neighbor island, it will be loaded onto another barge). During the course of the Tuesday work day, this barge is again loaded with cargo destined for Moloka`i, along with cargo destined for Lāna`i. The barge departs again on **Tuesday** evening, arriving first in Lāna`i at daybreak on **Wednesday** morning. After the Lāna`i cargo is unloaded and cargo outbound from Lāna`i is loaded, the barge then departs later that same day for a Moloka`i arrival on late **Wednesday** afternoon (with cargo to be available to Moloka`i customers on Thursday morning). After the Moloka`i-destined cargo is unloaded, the barge is again backloaded with Moloka`i cargo (on Wednesday afternoon) and sails back to Honolulu for a **Thursday** morning arrival in Honolulu, with cargo being available for pick-up by Honolulu customers on Thursday. Notably, all perishable cargo is stored and transported in temperature-controlled containers in every segment of transportation to retain freshness and product quality.

Prior to 2009, one of the two Young Brothers sailings to Moloka`i included one sailing from O`ahu **to** Moloka`i **via** Maui. In the continuation of work on sailing schedules with the Moloka`i community, particularly the Moloka`i Chamber of Commerce, and also to achieve efficiencies in voyage costs, Young Brother reorganized its Maui County sailing schedules in 2009 (following PUC approval) to include the Moloka`i and Lāna`i sailings described above and to eliminate the sailing triangle that included Honolulu, Kahului and Kaunakakai. The savings resulting from these increased efficiencies were passed on to our customers in lower “less than container load” (*LCL*) rates for Moloka`i and Lāna`i (and these proportionately lower *LCL* rates are still reflected in Young Brothers’ tariff). Notably, with or without these lower *LCL* rates, service to Moloka`i and Lāna`i is heavily subsidized by other profitable routes and lines of service. This subsidy of costs is made possible by Moloka`i and Lāna`i costs being spread through a larger statewide system of service, with its attendant efficiencies of scale and scope. In addition, local agricultural products (from all islands) receive a 30 to 35-percent discount on rates. We attach an addendum to this testimony setting forth examples of Young Brothers’ freight rates applied to various commodities.

Thank you for this opportunity to testify.



**ADDENDUM TO TESTIMONY OF YOUNG BROTHERS, LIMITED ON
HCR204**

Examples of YB Freight Rates Applied to Various Commodities
(as invoiced, including State general excise tax, fuel price adjustment, wharfage, and insurance charges)

Less-than-Container Load Cargo (Dry)

40 cubic feet of canned goods (soup cans) – Honolulu to Moloka`i <i>via dry pallet at general cargo rate</i>	Rate
For entire pallet (1,920 cans):	\$53.52
Price <i>per can</i> :	2.7¢

60 cubic feet of beverages on dry pallet– Honolulu to Moloka`i <i>at beverage rate</i>	Rate
For entire pallet (494 six-packs):	\$73.82
Price <i>per six-pack</i> :	14.9¢

Less-than-Container Load Cargo (Refrigerated)

General cargo: 2,000 pounds of frozen chicken - Honolulu to Moloka`i via refrigerated pallet <i>at general cargo rate</i>	Rate
Cost of 2,000-pound pallet:	\$145.71
Price per pound:	7.3¢

2,000 pounds of local produce – Moloka`i to Honolulu via refrigerated pallet <i>with Island Agricultural Product Discount</i>	Rate
Cost of 2,000-pound pallet:	\$101.09
Price per pound:	5.1¢

Note: Rates for Island Agricultural Products include a 30 percent discount.



Automobile Rate

Medium-sized Car	Rate
One-way rate	\$266.73
Return within 30 days	109.13
Roundtrip within 30 days	375.86

A complete list of rates is available from Young Brothers at www.htbyb.com.

ichiyama1 - Tate

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 29, 2013 7:36 AM
To: TRNtestimony
Cc: tabraham08@gmail.com
Subject: Submitted testimony for HCR204 on Apr 3, 2013 11:10AM

HCR204

Submitted on: 3/29/2013

Testimony for TRN/EDB on Apr 3, 2013 11:10AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Comments Only	No

Comments: I support urgent passage of bill to help transport goods to neighbor islands in a cost efficient way that will help bring tourism and build Hawaii's economic values.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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