

Honolulu, Hawaii
March 18, 2014

RE: S.B. No. 2877
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred S.B. No. 2877, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO USE PERMITS FOR SMALL BOAT HARBOR FACILITIES,"

begs leave to report as follows:

The purpose of this measure is to clarify that no use permit issued to a corporation or other business entity for a state small boat harbor facility may be transferred unless specifically provided by law. This measure also exempts transfers of stock or interest in a corporation or other business entity between immediate family members solely for the purpose of estate planning purposes from paying the passenger-carrying capacity business transfer fee to the Department of Land and Natural Resources.

The Department of Land and Natural Resources provided testimony in support of this measure. The Ocean Tourism Coalition provided comments.

Your Committee has amended this measure by:

- (1) Deleting the definition of the term "control" and inserting and defining the term "controlled group";
- (2) Specifying that a person who is part of a controlled group possessing a valid commercial permit may transfer



stock or other interest to another person without terminating the right of the corporation or business entity to retain or renew its commercial permit if the transferee retains 80 percent control of the transferor;

- (3) Exempting transfers of stock or interest in a corporation between spouses or first-generation lineal descendants from paying a passenger-carrying capacity business transfer fee to the Department of Land and Natural Resources rather than simply exempting immediate family members;
- (4) Changing its effective date to July 1, 2112, for the purpose of facilitating further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2877, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water & Land,



CINDY EVANS, Chair



