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# A BILL FOR AN ACT

RELATING TO WORKFORCE DEVELOPMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Ship repair is a critical industry in our  
2 maritime dependent state. Ship repair capability ensures the  
3 safe and timely operation of ships and barges supplying the  
4 Hawaiian islands. Without this capability, many ships are  
5 required to travel to the mainland for dry docking and repair  
6 which in turn reduces revenues for the State. The ship repair  
7 industry provides critical industrial services, including repair  
8 of engines and generators, welding and metal fabrication,  
9 ventilation and air conditioning, and critical servicing of oil  
10 product transfer buoys, and well-paying industrial and technical  
11 job opportunities for the State. However, ship repair companies  
12 in Hawaii have a significant competitive cost disadvantage with  
13 mainland and foreign ship repair entities due to higher labor  
14 and material shipping costs. Sustaining and supporting a strong  
15 maritime repair industry are critical to the quality of life and  
16 prosperity of the State.

17           The Hawaii shipbuilding and repair industry is comprised of  
18 establishments that are primarily engaged in operating small



1 shipyards, which are fixed facilities with dry docks and  
2 fabrication equipment. Shipyard activities include ship  
3 construction; repair; conversion and alteration; production of  
4 prefabricated ships, boats, and barge sections; and other  
5 specialized services. Hawaii's shipbuilding and repair industry  
6 uses local manufacturing and other trades outside of the  
7 shipyard, providing vital jobs that are economically beneficial  
8 to Hawaii.

9 The purpose of this Act is to enhance maritime productivity  
10 and workforce development by establishing a maritime industry  
11 grant program.

12 SECTION 2. The Hawaii Revised Statutes is amended by  
13 adding a new chapter to be appropriately designated and to read  
14 as follows:

15 "CHAPTER

16 MARITIME INDUSTRY GRANT PROGRAM

17 § -1 Definitions. As used in this chapter:

18 "Department" means the department of labor and industrial  
19 relations.



1 "Qualified shipyard" means a shipyard facility located in  
2 Honolulu harbor comprised of not more than one thousand two  
3 hundred employees.

4 § -2 **Maritime industry grant program established.** There  
5 is established within the department a maritime industry grant  
6 program to be developed and administered by the department and  
7 under which the department shall award grants to qualified  
8 shipyards. The department shall accept applications for grants  
9 on forms prescribed and prepared by the department.

10 § -3 **Eligibility for grants.** (a) The department shall  
11 award grants for the maritime industry grant program only to  
12 qualified shipyards that:

13 (1) Have applied for or received all applicable licenses  
14 or permits;

15 (2) Comply with all applicable federal, state, and local  
16 laws, rules, ordinances, and policies;

17 (3) Agree not to use state funds for entertainment or  
18 lobbying activities;

19 (4) Allow the department, legislative committees and their  
20 staff, and the auditor full access to their records,  
21 files, and other related documents and information for



1 purposes of monitoring, measuring the effectiveness  
2 of, and ensuring the proper expenditure of the grant;  
3 and

4 (5) Are incorporated under the laws of the State.

5 No grant shall be awarded to a qualified shipyard that has been  
6 in operation for less than five years.

7 (b) Projects eligible to receive grants from the maritime  
8 industry grant program may include:

9 (1) Capital improvement projects to foster efficiency,  
10 competitive operations, and quality ship construction,  
11 repair, and ship reconfiguration by qualified  
12 shipyards; and

13 (2) Workforce development and training projects to improve  
14 employee skills in the maritime industry.

15 (c) Grants may also be awarded by the department for the  
16 purchase of machinery and equipment; provided that the machinery  
17 and equipment are used in ship repair, ship construction, or  
18 ship reconfiguration.

19 (d) A grant shall not exceed \$ in any year, and  
20 a qualified shipyard shall be awarded only one grant in any  
21 given year.



1           §   -4 **Reports.** The department shall submit a report to  
2 the legislature no later than twenty days prior to the convening  
3 of each regular session held in an even-numbered year. The  
4 report shall include:

- 5           (1) The total number of grant applications received;
- 6           (2) The total number of grants awarded;
- 7           (3) The actual economic and workforce development benefits  
8 realized from awarding of each grant;
- 9           (4) The total amount of money awarded for each grant; and
- 10          (5) Any other information about the maritime industry  
11 grant program the department deems necessary.

12          §   -5 **Rules.** The department shall adopt rules, pursuant  
13 to chapter 91, to implement this chapter.

14          §   -6 **Exemption from chapters 42F, 103D, and 103F.**  
15 Chapters 42F, 103D, and 103F shall not apply to the grants made  
16 pursuant to this chapter. All grants shall be made in  
17 accordance with standards and conditions specified in section

18          -3.

19          §   -7 **Maritime industry grant program appropriations.**  
20 Moneys appropriated for the maritime industry grant program may



1 be used to pay for the cost of administering, operating, and  
2 marketing the grant program, as determined by the director."

3 SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2016-2017 for  
6 the awarding of grants under the maritime industry grant program  
7 established pursuant to this Act.

8 The sum appropriated shall be expended by the department of  
9 labor and industrial for the purposes of this Act.

10 SECTION 4. This Act shall take effect on July 1, 2091.



**Report Title:**

Maritime Industry Grant Program; Workforce Development;  
Appropriation

**Description:**

Establishes a maritime industry grant program within the department of labor and industrial relations. Establishes criteria for the awarding of grants. Appropriates funds. Takes effect on 7/1/2091. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

