
A BILL FOR AN ACT

RELATING TO OCEAN SHIPPING.

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

1 SECTION 1. The legislature finds that Hawaii has the
2 highest number of homeless individuals per capita in the nation
3 and is ranked as the top state where residents are most likely
4 to live paycheck to paycheck. The continued and escalating high
5 cost of living in Hawaii is a driving factor in the State's
6 homeless problem.

7 The legislature also finds that over ninety per cent of
8 consumer goods, clothing, vehicles, and household items used in
9 Hawaii arrives via ocean carriers. Due to the high percentage
10 of products that are shipped to Hawaii on ocean carriers and the
11 costs associated with such shipments, a wide variety of Hawaii
12 businesses must raise the cost of goods or services to break
13 even. Accordingly, ocean carrier shipping costs affect, and
14 often raise, the cost of food, fuel, and virtually everything
15 residents and visitors use and consume in the State.

16 Matson, Inc. is a provider of ocean transportation and
17 logistics services. Its ocean transportation business is



1 conducted through its wholly owned subsidiary, Matson Navigation
2 Company, Inc., that provides ocean freight transportation
3 services to the economies of Hawaii, Guam, and Micronesia, and
4 also operates an expedited service from China to Long Beach,
5 California.

6 The Honolulu Star-Advertiser reported on November 5, 2015,
7 that Matson's 2015 third-quarter profit increased ninety-three
8 per cent to \$41,500,000. Matson reported carrying 41,200 Hawaii
9 containers in that quarter, up 14.8 per cent from 35,900 one
10 year earlier. Automobile shipping volume increased 33.8 per
11 cent to 17,800 vehicles from 13,300 in the same period one year
12 earlier.

13 On November 25, 2015, the Honolulu Star-Advertiser reported
14 that Matson, regardless of its ninety-three per cent surge in
15 profits, would be raising its rates by five per cent for goods
16 shipped to Hawaii. The increase is about twice as much as the
17 expected inflation rate for the State. The Honolulu Star-
18 Advertiser also reported that since 2003, Matson has raised
19 shipping prices to Hawaii by \$3,435.00 per container.

20 The legislature further finds that Hawaii has recently
21 moved from three ocean carriers servicing the State to two.



1 With the decreased competition and increased shipping prices,
2 the legislature finds that ocean freight costs may continue to
3 increase.

4 The purpose of this Act is to require the department of
5 business, economic development, and tourism to conduct a study
6 regarding the ocean shipping industry and its impact on the cost
7 of living in Hawaii.

8 SECTION 2. (a) The department of business, economic
9 development, and tourism shall conduct a study of the ocean
10 shipping industry and its impact on the cost of living in
11 Hawaii.

12 (b) The study shall examine:

- 13 (1) Current ocean carriers serving Hawaii and other parts
14 of the world;
- 15 (2) State, federal, and international ocean carrier
16 regulations;
- 17 (3) Ocean carrier pricing structures;
- 18 (4) Inter- and intra-island shipping;
- 19 (5) Any additional considerations that the department
20 believes necessary; and



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1 (6) How the matters examined in paragraphs (1) to (5)
2 impact the cost of living in Hawaii.

3 (c) The department of business, economic development, and
4 tourism shall report its findings and recommendations, including
5 any proposed legislation, to the legislature no later than
6 twenty days prior to the convening of the regular session of
7 2017.

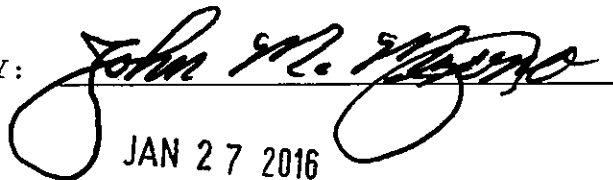
8 SECTION 3. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$50,000 or so much
10 thereof as may be necessary for fiscal year 2016-2017 to conduct
11 a study of the ocean shipping industry and its impact on the
12 cost of living in Hawaii.

13 The sum appropriated shall be expended by the department of
14 business, economic development, and tourism for the purposes of
15 this Act.

16 SECTION 4. This Act shall take effect on July 1, 2016.

17

INTRODUCED BY:


JAN 27 2016



H.B. NO. 2613

Report Title:

Ocean Shipping Industry; Cost of Living; DBEDT; Study; Appropriation

Description:

Requires DBEDT to conduct a study of the ocean shipping industry and its impact on the cost of living in Hawaii. Appropriates funds.

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