

JAN 27 2016

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# A BILL FOR AN ACT

RELATING TO SHIP REPAIR.

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

1           SECTION 1. The Hawaii shipbuilding and repairing industry  
2 is comprised of establishments that are primarily engaged in  
3 operating small shipyards, which are fixed facilities with  
4 drydocks and fabrication equipment. Shipyard activities include  
5 ship construction, repair, conversion and alteration, as well as  
6 the production of prefabricated ship, boat, and barge sections  
7 and other specialized services. The industry also utilizes  
8 local manufacturing and other industries and trades outside of  
9 the shipyard, which provide vital jobs, parts, or services for  
10 shipbuilding activities within a shipyard.

11           The legislature finds that ship repair is a critical  
12 industry in our maritime dependent state. Ship repair  
13 capability insures the safe and timely operation of ships and  
14 barges supplying the Hawaiian islands. Without this capability,  
15 many ships will go to the mainland for repair and dry docking -  
16 reducing revenues for the State.



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1           The legislature further finds that ship repair provides  
2 well-paying industrial and technical job opportunities for  
3 citizens of Hawaii and critical industrial services to our  
4 community, such as repair of engines and generators, welding and  
5 metal fabrication, ventilation and air conditioning, and  
6 critical service to oil product transfer buoys. However, ship  
7 repair companies in Hawaii have a significant cost competitive  
8 disadvantage with mainland and foreign ship repair entities due  
9 to our higher wages and material shipping costs.

10           The legislature also finds that sustaining and supporting a  
11 strong maritime industry is critical to the quality of life and  
12 survivability for citizens of the State of Hawaii.

13           The legislature further finds that a ship repair industry  
14 grant program is necessary to foster efficiency, competitive  
15 operations, and quality ship construction, repair, and  
16 reconfiguration in small shipyards in Hawaii. Supporting these  
17 projects would be effective in fostering employee skills and  
18 enhancing productivity in Hawaii, whose economy is related to  
19 and critically dependent upon the maritime industry.



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1           The purpose of this Act is to establish a ship repair  
2 industry grant program and make an appropriation to support the  
3 program.

4           SECTION 2. Chapter 266, Hawaii Revised Statutes, is  
5 amended by adding a new section to part II to be appropriately  
6 designated and to read as follows:

7           "§266- Ship repair industry grant program. (a) There  
8 is established the ship repair industry grant program, through  
9 which the department of transportation may provide grants to any  
10 small shipyard, as defined under title 46 United States Code  
11 section 54101 (h), in Hawaii that requires capital assistance  
12 for any of the following eligible projects:

13           (1) Capital and related improvement projects that are  
14 effective in fostering efficiency, competitive  
15 operations, and quality ship construction, repair, and  
16 reconfiguration;

17           (2) Training projects that will be effective in fostering  
18 employee skills and enhancing productivity; and

19           (3) Purchase of machinery and equipment used in ship  
20 repair, ship construction, and reconfiguration.



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1        (b) No grant shall exceed \$                    ; provided that no  
2 shipyard shall receive more than one grant in any given year.

3        (c) To qualify for a grant under this section, the  
4 applicant shall have been operating a small commercial shipyard  
5 with floating dry docking capability located in this State for  
6 at least five years.

7        (d) In reviewing grant applications pursuant to this  
8 section, the department of transportation shall analyze each  
9 application to determine whether the eligible project will be  
10 economically viable and beneficial to the State.

11       (e) The ship repair industry grant program shall be funded  
12 through appropriations from the legislature and federal grants,  
13 loans, and loan guarantees.

14       (f) The department of transportation shall submit a report  
15 to the legislature no later than twenty days prior to the  
16 convening of the regular session held in every even-numbered  
17 year. The report shall include the following information:

18       (1) The total number of grants provided;

19       (2) The total projected economic and employment growth  
20 facilitated by the grants provided; and



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1        (3) The actual economic and employment growth that  
 2                    occurred as a result of the grants provided."

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 ship repair industry grant program established pursuant to  
 7 section 2 of this Act.

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

10          SECTION 4. New statutory material is underscored.

11          SECTION 5. This Act shall take effect on July 1, 2016.

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**Report Title:**

Ship Repair Industry Grant Program; Department of  
Transportation; Appropriation

**Description:**

Establishes the ship repair industry grant program. Makes an  
appropriation.

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

