
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.

17 The legislature further finds that ship repair provides
18 well-paying industrial and technical job opportunities for



1 citizens of Hawaii and critical industrial services to our
2 community, such as repair of engines and generators, welding and
3 metal fabrication, ventilation and air conditioning, and
4 critical service to oil product transfer buoys. However, ship
5 repair companies in Hawaii have a significant cost competitive
6 disadvantage with mainland and foreign ship repair entities due
7 to our higher wages and material shipping costs.

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

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

18 The purpose of this Act is to establish a ship repair
19 industry loan program and make an appropriation to support the
20 program.



1 SECTION 2. Chapter 266, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§266- Ship repair industry loan program. (a) There is
5 established the ship repair industry loan program, which shall
6 be administered by the department of transportation. The
7 department may provide loans to any small shipyard, as defined
8 under title 46 United States Code section 54101 (h), in Hawaii
9 that requires capital assistance for any of the following
10 eligible projects:

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

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

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

19 (b) No loan shall exceed \$; provided that no
20 shipyard shall receive more than one loan in any given year.



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

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

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

12 (f) The department of budget and finance, for any loan
13 extended under this section, shall:

- 14 (1) Establish the terms, conditions, interest, security,
15 and payback terms for any loan under this section;
16 (2) Be responsible for collection of the loan installment;
17 and
18 (3) Deposit all moneys received from the payback of loans
19 into a special account from which more loans may be
20 extended.



1 (g) The loans may be made in conjunction with loans made
2 by other financial institutions including the Small Business
3 Administration or loans guaranteed by the National Marine
4 Fisheries Service. Where the loans made by the department of
5 transportation are secured, such security may be subordinated to
6 the loans made by other financial institutions, when such
7 subordination is required to obtain loans from such
8 institutions. The necessity for and the extent of security
9 required for any loan shall be determined by the director of
10 transportation.

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

- 15 (1) The total number of loans provided;
16 (2) The total projected economic and employment growth
17 facilitated by the loans provided; and
18 (3) The actual economic and employment growth that
19 occurred as a result of the loans provided."

20 SECTION 3. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2016-2017 for
2 the ship repair industry loan program established pursuant to
3 section 2 of this Act.

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

6 SECTION 4. New statutory material is underscored.

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

8



Report Title:

Ship Repair Industry Loan Program; Department of Transportation;
Appropriation

Description:

Establishes the ship industry loan program. Makes an
appropriation. (SD1)

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

