

JAN 27 2016

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# A BILL FOR AN ACT

RELATING TO FERRIES.

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

1           SECTION 1. The legislature finds that the State of Hawaii  
2 is comprised of a chain of islands, six of which have major  
3 population centers, limited by air and water transportation  
4 options. Unlike the forty-eight contiguous states, Hawaii does  
5 not have the benefit of being linked to other states through the  
6 federal interstate highway system or a network of intersecting  
7 state and local highways and roads.

8           The legislature also finds that while property is  
9 transported between islands via time consuming inter-island  
10 shipping and barge operations, the principal means of  
11 transporting people between islands is mostly limited to costly  
12 air transportation or small ocean charters. There are security  
13 concerns associated with residents and visitors being overly  
14 reliant on one inter-island carrier and a few smaller commuter  
15 operations, as airports face severe operational disruption in  
16 the event of a significant natural or man-made disaster.



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1           The legislature further finds that a previous attempt at  
2 implementing a statewide inter-island ferry operation, giving  
3 effect to chapter 268, Hawaii Revised Statutes, failed due to a  
4 lack of mandatory environmental impact statements. However, the  
5 limited run of the Hawaii Superferry did prove to be a  
6 successful mode of transportation, for both persons and limited  
7 property, between the islands of Maui and Oahu. For a period of  
8 time, the operation connected family members, provided  
9 individuals physically unable to fly with a less burdensome  
10 alternative to air travel, and supported inter-island business  
11 opportunities.

12           An inter-island ferry service is the missing link in  
13 Hawaii's transportation system, providing critical connections  
14 essential for the health, safety, and well-being of the people  
15 of Hawaii. For these reasons, the legislature finds that the  
16 State should make it a priority to facilitate more efficient and  
17 affordable inter-island commuting options.

18           The purpose of this Act is to:

- 19           (1) Provide a non-refundable tax credit and a fifty per  
20           cent reduction in harbor fees for the first year of



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1 operation for any company operating an inter-island  
2 ferry vessel; and

3 (2) Direct the department of land and natural resources to  
4 conduct any necessary environmental impact assessments  
5 to enable the department of transportation to fully  
6 implement a Hawaii state ferry system.

7 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
8 amended by adding a new section to be appropriately designated  
9 and to read as follows:

10 "§235- Ferry vessel tax credit. (a) Each principal  
11 operator of an inter-island ferry who files an individual or  
12 corporate net income tax return for a taxable year may claim an  
13 income tax credit under this section against the Hawaii state  
14 individual or corporate net income tax.

15 (b) The tax credit shall be an amount equal to five per  
16 cent of the principal operator's individual or corporate income  
17 tax liability.

18 (c) The tax credit claimed under this section by the  
19 principal operator shall be deductible from the principal  
20 operator's individual or corporate income tax liability, if any,  
21 for the tax year in which the credit is properly claimed.



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1        (d) The director of taxation shall prepare such forms as  
2 may be necessary to claim a credit under this section, may  
3 require proof of the claim for the tax credit, and may adopt  
4 rules pursuant to chapter 91.

5        (e) If the tax credit under this section exceeds the  
6 taxpayer's income tax liability, the excess of the credit over  
7 liability may be used as a credit against the taxpayer's income  
8 tax liability in subsequent years until exhausted.

9        (f) Claims for the tax credit under this section,  
10 including any amended claims thereof, shall be filed on or  
11 before the end of the twelfth month following the taxable year  
12 for which the credit may be claimed. Failure to comply with  
13 this subsection shall constitute a waiver of the right to claim  
14 the credit.

15        (g) As used in this section:

16        "Inter-island ferry" means any inter-island ferry vessel  
17 that is designed to transport and transports or is intended to  
18 transport per voyage at least four hundred passengers, along  
19 with motor vehicles and cargo between the islands of the State.

20        "Principal operator" means any individual or corporate  
21 taxpayer who derives at least fifty-one per cent of the



1 taxpayer's gross annual income from the inter-island ferry  
2 vessel operations."

3 SECTION 3. Section 266-13, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§266-13 Dockage. (a) All watercraft:

6 (1) Lying idle alongside any wharf, pier, bulkhead, quay,  
7 or landing belonging to or controlled by the State; or

8 (2) Discharging or receiving freight or passengers on or  
9 from any wharf, pier, bulkhead, quay, or landing  
10 belonging to or controlled by the State, while made  
11 fast or lying alongside of the wharf, pier, bulkhead,  
12 quay, or landing;

13 shall pay to the department of transportation [such] rates of  
14 dockage as shall be fixed by the department.

15 (b) All watercraft that receive or discharge freight or  
16 passengers:

17 (1) From or upon any wharf, pier, bulkhead, quay, or  
18 landing, by means of boats, lighters, or otherwise,  
19 while lying at anchor or under steam in any bay,  
20 harbor, or roadstead; or



1           (2) While lying in any slip or dock belonging to or  
2           controlled by the State, but not made fast to or lying  
3           alongside any wharf, pier, bulkhead, quay, or landing;  
4 shall pay [~~such~~] rates of dockage as shall be fixed by the  
5 department.

6           (c) Notwithstanding subsections (a) and (b), the  
7 department may waive dockage and other charges at any wharf,  
8 pier, bulkhead, quay, landing, slip, or dock belonging to or  
9 controlled by the State whenever:

- 10           (1) The governor declares a state of emergency; and
- 11           (2) The department determines that the waiver of dockage  
12           fees and other charges is consistent with assisting in  
13           the delivery of humanitarian relief to disaster-  
14           stricken areas of the State.

15           (d) Notwithstanding subsections (a) and (b), the  
16 department of transportation may waive fifty per cent of dockage  
17 and other charges at any wharf, pier, bulkhead, quay, landing,  
18 slip, or dock belonging to or controlled by the State whenever  
19 the wharf, pier, bulkhead, quay, landing, slip, or dock  
20 belonging to or controlled by the State is used by an inter-  
21 island ferry; provided that the waiver of dockage and other

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1 charges by the department shall only be valid for the first  
2 twelve months that the inter-island ferry is in operation.

3 For the purposes of this subsection, "inter-island ferry"  
4 means any inter-island ferry vessel that is designed to  
5 transport and transports or is intended to transport per voyage  
6 at least four hundred passengers, along with motor vehicles and  
7 cargo between the islands of the State.

8 [~~d~~] (e) Any watercraft leaving any wharf, pier,  
9 bulkhead, quay, landing, slip, dock, basin, or waters belonging  
10 to or controlled by the State without paying dockage and other  
11 charges, with intent to evade the payment thereof, shall be  
12 liable to pay double rates."

13 SECTION 4. Chapter 268, Hawaii Revised Statutes, is  
14 amended by adding a new section to be appropriately designated  
15 and to read as follows:

16 "§268- Environmental assessment; environmental impact  
17 statement. (a) The department of land and natural resources  
18 shall conduct any environmental assessment required pursuant to  
19 chapter 343, for an inter-island or intra-island ferry system  
20 authorized by this chapter; provided that if the department  
21 determines, pursuant to section 343-5, that an environmental



1 impact statement is likely to be required, the department shall  
2 prepare an environmental impact statement.

3 (b) Any private ferry system in operation at the time an  
4 environmental assessment is conducted or an environmental impact  
5 statement is prepared pursuant to subsection (a), or anytime  
6 thereafter, may rely on and utilize the environmental assessment  
7 or environmental impact statement for future operations."

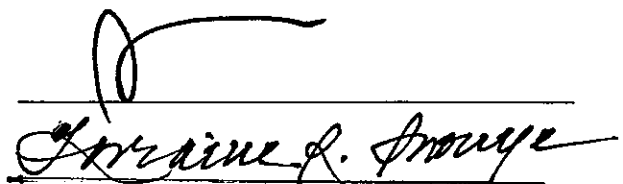
8 SECTION 5. There is appropriated out of the environmental  
9 response, energy, and food security tax pursuant to section 243-  
10 3.5, Hawaii Revised Statutes, the sum of \$ or so much  
11 thereof as may be necessary for fiscal year 2016-2017 for the  
12 department of land and natural resources to conduct any  
13 necessary environmental assessment to enable the department of  
14 transportation to fully implement a Hawaii state ferry system.

15 The sum appropriated shall be expended by the department of  
16 land and natural resources for the purposes of this Act.

17 SECTION 6. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 7. This Act shall take effect on July 1, 2016.  
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INTRODUCED BY:







S.B. NO. 3022

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# S.B. NO. 3022

**Report Title:**

Transportation; Ferry System; Harbors; Inter-island Ferry; Tax Credit; Appropriation

**Description:**

Requires the department of land and natural resources to conduct any necessary environmental assessment for the establishment of a intra-state or inter-state ferry system and makes an appropriation. Provides a non-refundable tax credit and a fifty per cent reduction in harbor fees for the first year of operation for any company operating an inter-island ferry vessel.

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

