

Honolulu, Hawaii

MAR 24 2016

RE: H.B. No. 2475
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Judiciary and Labor and Transportation and Energy, to which was referred H.B. No. 2475, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WORKFORCE DEVELOPMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a maritime industry grant program within the Department of Labor and Industrial Relations (Department) for the Department to award grants to qualified shipyards;
- (2) Establish eligibility requirements for the award of grants and reporting requirements for the maritime industry grant program;
- (3) Exempt the grants from chapters 42F, 103D, and 103F, Hawaii Revised Statutes; and
- (4) Appropriate funds to the Department for the awarding of grants under the maritime industry grant program.

Your Committees received testimony in support of this measure from the Department of Labor and Industrial Relations, The Chamber of Commerce Hawaii, Pacific Shipyards International, and five individuals. Your Committees received comments on this measure from the Department of the Attorney General.



Your Committees find that this measure builds upon the success of a pilot project that was collaboratively designed and implemented last year by the Department to develop local talent for maritime welding and ship repair. The impetus of this pilot project was an insufficient number of local qualified workers that forced employers to import mainland talent at high costs and turnover rates. The pilot project provided recruitment services, internships, and an accelerated maritime welding course that resulted in thirteen trainees being hired by the shipyard. This measure enables the Department to expand the pilot project so that more local qualified workers can be recruited to fill more high-skilled occupations in the shipyard.

Your Committees have amended this measure by:

- (1) Adopting language suggested by the Department of the Attorney General that deletes language that would have required the Department to award grants based on criteria developed by the Department, to avoid conflicts with the state constitution;
- (2) Adding language that requires the Department to award grants only to qualified shipyards that meet certain criteria;
- (3) Adopting language suggested by the Department that:
 - (A) Allows, rather than requires, eligible projects to include certain capital improvement projects and workforce development and training projects;
 - (B) Deletes language that would have required the Department to analyze each application to determine the economic viability of the grant request and benefits to the State;
 - (C) Deletes language that would have required the reports to the Legislature to include the projected economic and workforce development benefits expected from the awarding of the grant; and
 - (D) Adds language that allows the Department to use monies appropriated for the maritime industry grant program to cover the costs of administering,



operating, and marketing the grant program, as determined by the Director of Labor and Industrial Relations; and

- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Transportation and Energy that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2475, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2475, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Judiciary and Labor and Transportation and Energy,

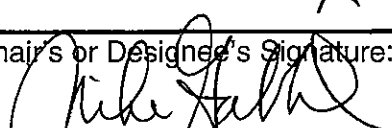

LORRAINE R. INOUE, Chair


GILBERT S.C. KEITH-AGARAN, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2475, HD1	JDL/TRE, WAM	03-22-16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUE, Lorraine R. (C)	✓			
GABBARD, Mike (VC)	✓			
CHUN OAKLAND, Suzanne				✓
ENGLISH, J. Kalani				✓
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.	✓			
SLOM, Sam				✓
TOTAL	4	—	—	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes