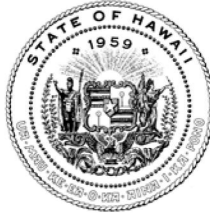


DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
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LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
WATER AND LAND

Wednesday, March 1, 2017
11:00 AM
State Capitol, Conference Room 325

In consideration of
HOUSE BILL 54
RELATING TO SMALL BOAT HARBORS

House Bill 54 proposes to prohibit the Chairperson of the Board of Land and Natural Resources from adopting any rule with respect to a small boat harbor where a marine fueling station has been established that requires exclusive fueling of vessels from that station only. **The Department of Land and Natural Resources (Department) opposes this measure.**

The long-standing purpose of creating designated marine fueling stations within the state small boat harbors is to ensure that fueling operations are carried out in a safe manner and to isolate any possible fuel spills that may occur. Also, permitted marine fuel stations and fuel trucks are required to follow certain safety guidelines and carry liability insurance. Allowing multiple fueling operations to operate in each small boat harbor facility increases the risk of public health and safety as well as environmental hazards.

The Department believes this measure was introduced due to boater concern over a recent, temporary increase in fuel cost at Honokohau Small Boat Harbor on Hawaii Island. The established marine fueling station at the harbor had raised its fuel prices higher than what was being sold at nearby vehicle fueling stations, and complaints were received alleging price gouging. Upon investigation, the Department notified the fuel operator that its lease agreement required that pricing not exceed fuel prices offered outside the harbor. The lease states, *"The operator shall furnish all goods and services authorized hereunder to its customers and patrons without discrimination, and the retail prices charged for fuel and lubricating oil at this marine service station shall be comparable to the average retail prices charged for like fuel and lubricating oil at other non-marine stations throughout the island of Hawaii, subject to such adjustments as may be required to compensate for the increased capital investment and*

operating costs incident to the operation of a marine station.” A price correction was subsequently made by the tenant.

The Department believes that any issues relating to pricing can be addressed directly with the marine fueling tenants, and that this incident at Honokohau Harbor was an isolated occurrence. Therefore, this measure is not necessary, and increases the risk to public health and safety and environmental hazards.

Thank you for the opportunity to comment on this measure.

Aloha,

The fueling situation at Honokohau small boat harbor is plain and simple. If you want to fuel your boat then you will have to get it at one facility and that's it. The price is set and you will pay it. Many of my fellow boaters in the harbor have grown tired of the higher than normal prices. The diesel we use for the boats is labeled, off road diesel ,and does not carry the same amount of taxes as on road diesel (around 60 cents per gallon). The state owned harbor does not allow for the boat owners or captains to bring in their own fuel which would allow for massive savings. The monopoly that exist at the moment has recently lowered prices to appease the boaters, but they are still \$1.20 higher per gallon than if we secured our own fuel. It would appear that the state of Hawaii is violating anti trust laws by providing only one company exclusive fueling rights to the boats that cannot be trailered.

Thanks for your time,

John Bennett