

STAND. COM. REP. NO.

937

Honolulu, Hawaii

MAR 21 2017

RE: H.B. No. 594
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 594, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE MARITIME INDUSTRY GRANT
PROGRAM,"

begs 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 Business, Economic Development, and Tourism (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 Committee received testimony in support of this measure from the Chamber of Commerce Hawaii; Ocean Tourism Coalition; Ali'i



Nui Charters; Pacific Shipyards International, LLC; and eight individuals. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism and State Procurement Office.

Your Committee finds that this measure builds upon the success of a pilot project that was collaboratively designed and implemented in 2015 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 Committee has amended this measure by:

- (1) Expanding the grant program to allow maritime industry training providers, in addition to qualified shipyards, to receive grants;
- (2) Applying the program statewide by deleting the specification that a qualified shipyard be located in a county with a population of seven hundred thousand or greater;
- (3) Amending the definition of "qualified shipyard" to conform to the North American Industry Classification System codes 336611 and 336612;
- (4) Requiring that grant recipients comply with all state and federal laws prohibiting discrimination;
- (5) Deleting language that would have allowed grants to be used for capital improvement projects;
- (6) Deleting language that would have allowed grants to be used to purchase machinery and equipment;



- (7) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 594, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 594, 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
Committee on Judiciary and
Labor,



GILBERT S.C. KEITH-AGARAN, Chair



