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GOVERNOR

JOSH GREEN M.D.
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
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DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

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To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Wednesday, March 27, 2019
Time: 2:30 P.M.
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 972, S.D. 1, H.D.1, Relating to Ship Repair Industry

The Department provides the following comments regarding S.B. 972, S.D. 1, H.D. 1, for your consideration.

S.B. 972, S.D. 1, H.D. 1, repeals the capital infrastructure tax credit and in its place establishes the ship repair industry income tax credit for the construction and placement into service of purpose-built floating drydocks at Pearl Harbor for use by the United States Navy. The measure has a defective effective date of July 1, 2050, but would otherwise apply to taxable years beginning after December 31, 2019.

First, the Department appreciates that the Senate Committee on Ways and Means adopted the Department's recommendation to specifically repeal the capital infrastructure tax credit and enact the ship repair industry tax credit in a new section rather than by amending section 235-17.5, Hawaii Revised Statutes (HRS), as well as including language setting an overall cap on the amount of the credit that an eligible entity, along with all of its special purpose entities, investors, and partners may claim. In addition, the House Committee on Economic Development and Business eliminated the requirement that the credit be generated by a non-profit entity, which would make the credit unworkable.

If the Committee wishes to insert a non-defective effective date, the Department notes that it would be able to administer this credit for taxable years beginning after December 31, 2019 as currently written.

Thank you for the opportunity to provide comments.



Ship Repair Association of Hawaii

P.O. Box 29001, Honolulu HI 96820
Ph# (808) 848-6211 Fax# (808) 848-6279

26 March 2019

COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

Testimony for SB972

DATE: Wednesday, March 27, 2019

TIME: 2:30 P.M.

PLACE: Conference Room 308

State Capitol

415 South Beretania Street

Dear Representative Sylvia Luke, Chair; Representative Ty J.K. Cullen, Vice Chair; and members of the Committee on Finance:

The Ship Repair Association of Hawaii (SRAH) Strongly Supports the establishment of the ship repair industry income tax credit. The ship repair industry is a vital part of the Hawaii industrial base and economy. The ship repair industry income tax credit will facilitate the construction of a new dry dock and solidify the ship repair industrial base in Hawaii.

Respectfully yours,

A handwritten signature in black ink that reads "Iain S. Wood". The signature is written in a cursive, flowing style.

Iain S. Wood, President

Ship Repair Association of Hawaii

Page 1 of 1
Member Firms

Aerotek - Airgas Gaspro – AMP United - Anawati & Associates - BAE Hawaii Shipyards - C & S Services - CB Tech Service - Dresser-Rand - EMS Ice Epsilon Systems – Fortior Solutions - Hawaii Marine Cleaning - HSI-Electric Boat - HSI Mechanical, Inc. - IMIA, LLC. - Inspec Testing - Jo-Kell, Inc. Leeward Marine, Inc. - Marisco, LTD. - Oceaneering International, Inc. - Pacific Shipyards International - PCE Hawaii, LLC. - Penco - Phoenix International Q.E.D. Systems, Inc. - Regal Service Co. - Safway Services, LLC. – Signal – SureID – The American Equity Underwriters, Inc. Trident Maritime Systems TY Realty Hawaii - UTS Maritime Services - Wardlaw Maritime

A & B Electric Co., Inc.

March 26, 2019

To: House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

From: Malcolm Barcarse, Jr.
Vice President of A & B Electric Co., Inc.

RE: **OPPOSITION** to SB 972 S.D. 1, H.D. 1 Relating to Ship Repair Industry

Chair Luke, Vice Chair Cullen and members of the Committee,

A & B Electric Co., Inc. is an electrical contractor who has been in business since 1986, servicing commercial, industrial, and marine customers. One of the industries that we service is as an electrical subcontractor to the ship repair industry in Hawaii. We stand in **OPPOSITION** to this bill which seems to solely benefit one company (as this bill appears to be a companion bill to SB 985 (Relating to Special Purpose Revenue Bonds to Assist Pearl Harbor Floating Drydock LLC which is also being heard today) which would give them a competitive edge in the marketplace with state assistance.

Currently there are 3 private drydocks in the State that provide docking repairs for Private, State, and military vessels. With the upcoming expiration of the Multi Ship Multiple Option (MSMO) contract, which is currently being held by BAE Hawaii Shipyards, it will give the various companies in the ship repair industry in Hawaii an opportunity to compete for the various repairs to the nine homeported destroyers at Pearl Harbor. Some of these availabilities will require drydock services some of them will not. It was anticipated that the ship repair companies would have to upgrade their drydocks to bid on this contract. However during the time period in which this bill has moved through the legislature, the replacement contract (Ship Repair IDIQ-MAC for Hawaii CNO Availabilities, Emergent Maintenance and Continuous Maintenance Solicitation Number: N00024-19-R-4442) has been put out to bid and in the bid solicitation it says that the contractor **WILL NOT** be required to furnish their own drydock for this contract. Furthermore, projects under this contract may be performed at Pearl Harbor or at a contractor's facility. Therefore, these tax credits are nothing more than an unnecessary subsidy. We will provide a copy of the solicitation upon request of the committee at the hearing.

We **OPPOSE** this bill as it appears that the legislature is appearing to favor one entity in a competitive local marketplace. We feel that it is an inappropriate use of tax payer dollars in the form of tax credits to benefit one company in a competitive marketplace. We would also note that while this bill was amended in the last committee to remove the requirement of a nonprofit entity, we will also note that bill requires that the dry dock be floating (which is a customer design choice) and be at Pearl Harbor. Furthermore, given the lack of a requirement of a

contractor provided drydock for this contract, we feel that it would be an inappropriate use of State money to subsidize via tax credits this drydock. We ask that this bill be **HELD**.

TESTIMONY FROM William F Clifford, CDR USN (ret)

FOR SB972 RELATING TO SHIP REPAIR INDUSTRY

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Rep. Angus L.K. McKelvey, Chair

Rep. Lisa Kitagawa, Vice Chair

DATE: Wednesday, March 27, 2019

TIME: 1430

PLACE: Conference Room 308

I STRONGLY SUPPORT SB972 with one request for an amendment.

As a retired Naval Engineering Duty Officer stationed in Pearl Harbor for 7 years, and as a private sector shipyard senior manager for 26 years responsible for managing shipyards across the United States, including Hawaii, I am keenly aware of the critical strategic and economic importance of Pearl Harbor Naval Shipyard (PHNSY). As one of four Naval shipyards in the U.S., PHNSY is a significant part of the federal military value-added equation comprising 6 percent of Hawaii GDP. While the submarine footprint in Pearl Harbor will continue to grow slightly by 2025, the surface combatant fleet currently home ported in Pearl Harbor is planned to be significantly reduced and surface ships will be relocated to San Diego for deep maintenance, and most are at risk for not returning.

Surface vessel repairs are typically outsourced to private-sector ship repair companies, a major part of the estimated \$180-200 million in civilian ship repair activities in Hawaii during 2018.

The impact of losing surface vessel repair work would be far-reaching, well beyond the loss of direct military jobs associated with surface ships leaving the area. The Navy's drydock capacity shortfalls will refocus nearly 100% of the current PH drydock capacity on submarine maintenance and displace nearly all surface ship drydock maintenance and modernization to the west coast. THE LOSS OF NAVY SURFACE SHIP DRYDOCK MAINTENANCE TO THE PH PRIVATE-SECTOR SHIP REPAIR COMMUNITY WOULD SIGNIFICANTLY SHRINK THE LOCAL INDUSTRY AND BE UNRECOVERABLE.

There will be drastic adverse economic and industrial impacts to the State of Hawaii as a result of the U.S. Navy's current plan to move surface fleet maintenance from Pearl Harbor to the West Coast. A mitigation strategy is needed that avoids the adverse economic impacts of displaced ship repair activities over the next seven years: LOSS OF NEARLY 1.31 BILLION IN HAWAII GDP, \$351 MILLION IN LABOR EARNINGS, AND AN ANNUAL AVERAGE OF NEARLY 1000 JOBS EACH YEAR.

The construction of a purpose-built floating drydock capable of accommodating any of the submarines and surface ships currently in and planned for at Pearl Harbor represents the best mitigating solution for the State of Hawaii. This floating drydock will not only protect private-sector maritime jobs that are expected to be lost, but will stimulate overall job growth of this sector, prevent the erosion of Hawaii's private ship repair capability and provide greater strength and stability to the Navy's Mid-Pacific Surface Force. This offers a shared solution for the industry, State of Hawaii, and Navy that results in a fifth drydock; a new, mobile, floating asset in place by 2022. Given its 50+ year life cycle, this additional Pearl Harbor drydocking capacity will provide economic gains well into the future.

WE REQUEST ONE AMENDMENT ON PAGE 6, LINE 10 TO DELETE THE WORD "NOT-FOR-PROFIT" AND REPLACE WITH THE WORD "BUSINESS."

Thank you and I strongly and humbly request that you make this amendment and pass this bill.

March 26, 2019

To: House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

From: Fred Anawati
President/Owner Marisco Ltd

RE: **OPPOSITION** to SB 972 S.D. 1, H.D. 1 Relating to Ship Repair Industry
Notice of Hearing:
Date: Wednesday, March 27, 2019
Time: 2:30pm
Place: House Conference room 308
State Capitol
415 South Beretania Street

Chair Luke, Vice Chair Cullen and members of the Committee,

Marisco, Ltd. is a Ship Repair business that has been in business in Hawaii since 1974, servicing Navy, Army, Air Force, Coast Guard, Commercial and other businesses in Hawaii. Marisco, Ltd. is a member of the Hawaii Ship Repair Association and continues to service both Commercial clientele as well as Federal clientele as both a Prime contractor and sub-contractor. Marisco **OPPOSES** SB 972 (as this Bill is a companion to Bill SB985) as this bill is written with the intentions to provide Tax credits and/or funding that will provide a competitive edge to one business in the Hawaii marketplace with State assistance.

Due to changes in the size of the newer submarines being homeported in Pearl Harbor, and the subsequent drydock constraints of Pearl Harbor Naval Shipyard, the Ship Repair Association of Hawaii's intent is to explore options for the Hawaii Ship Repair Industry to provide an avenue to keep homeported Navy's Surface Ships and Submarines Maintenance in Hawaii, however a separate dialog between the Navy and Ship Repair members has been discussed and is continuing discussion presently. Even if State Tax credits and/or funding for construction of a large Floating Drydock is provided, there is no commitment at this time that Pearl Harbor Naval Shipyard will allow the Drydock to be moored or operated in Pearl Harbor. If another means of keeping the maintenance in Hawaii is preferred by the Navy, what will any monies spent or Tax credits provided for design or construction of a Floating Drydock amount to? Where, in what State Harbor, would the Floating Drydock be moored? How could the State assisted competitive edge gained by the company that owns and controls the Floating Dry dock be mitigated so as to not have a negative and lasting impact to the Hawaii Ship Repair Industry?

Marisco, Ltd. **OPPOSES** this bill as it appears that the legislature is appearing to favor one entity in a competitive local marketplace. We feel that it is an inappropriate use of tax payer money to provide Tax credits and/or funding to construct a Floating Drydock without an agreement from the US Navy that the Drydock will be moored and used in Pearl Harbor Naval Shipyard and that it will solely benefit one company providing it a State assisted competitive edge which may negatively impact the Hawaii Ship Repair Industry.

At the EBD Hearing the Chair passed out the bill to allow both sides to have discussions. We have tried to enter discussions with the proponents of the bill to no avail, therefore they have not made a good faith effort to address our concerns. The new contract vehicle out for bid does not require a contractor provided Drydock. As there



is time for the Ship Repair industry in Hawaii to explore a mutually beneficial solution to keep the Navies repair and maintenance revenue in the state without the State providing a competitive edge to one entity or one company
Marisco requests that this bill be **HELD**.



C&S SERVICES INC.

P.O. Box 970100, Waipahu, Hawaii 96797
Tel: 808.681.8330 Fax: 808.681.8331
www.caliedoandsons.com

March 26, 2019

To: House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

From: Ian Caliedo
President of C&S Services, Inc.

RE: OPPOSITION to SB 972 S.D. 1, H.D. 1 Relating to Ship Repair Industry

Chair Luke, Vice Chair Cullen and members of the Committee,

C&S Services, Inc. (C&S) is a Maritime & Industrial Contractor who has been in business in Hawai'i since 1990, performing requirements for Federal, State, and Commercial clientele in both the Prime and Subcontractor capacity. C&S is a founding member of the Ship Repair Association of Hawaii (SRAH). We stand in **OPPOSITION** to this bill which seems to solely benefit one company (as this bill appears to be a companion bill to SB 985 (Relating to Special Purpose Revenue Bonds to Assist Pearl Harbor Floating Drydock LLC) which is also being heard today) which would give them a competitive advantage in the marketplace with state assistance.

Currently there are 3 private drydocks in the State that provide docking repairs for Private, State, and military vessels. With the upcoming expiration of the Multi Ship Multiple Option (MSMO) contract, which is currently being held by BAE Hawaii Shipyards, it will give the various companies in the ship repair industry in Hawaii an opportunity to compete for the various repairs to the nine homeported destroyers at Pearl Harbor. Some of these availabilities will require drydock services some of them will not. It was anticipated that the ship repair companies would have to upgrade their drydocks to bid on this contract. However during the time period in which this bill has moved through the legislature, the replacement contract (Ship Repair IDIQ-MAC for Hawaii CNO Availabilities, Emergent Maintenance and Continuous Maintenance Solicitation Number: N00024-19-R-4442) has been put out to bid and in the bid solicitation it says that the contractor WILL NOT be required to furnish their own drydock for this contract. Furthermore, projects under this contract may be performed at Pearl Harbor or at a contractor's facility. Therefore, these tax credits are nothing more than an unnecessary subsidy. We will provide a copy of the solicitation upon request of the committee at the hearing.

We **OPPOSE** this bill as it appears that the legislature is appearing to favor one entity in a competitive local marketplace. We feel that it is an inappropriate use of tax payer dollars in the form of tax credits to benefit one company in a competitive marketplace. We would also note that while this bill was amended in the last committee to remove the requirement of a nonprofit entity, we will also note that bill requires that the dry dock be floating (which is a customer design choice) and be at Pearl Harbor. Furthermore, given the lack of a requirement of a contractor provided drydock for this contract, we feel that it would be an inappropriate use of State money to subsidize via tax credits this drydock. We ask that this bill be **HELD**.

SB-972-HD-1

Submitted on: 3/26/2019 12:04:20 PM

Testimony for FIN on 3/27/2019 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann Chung	Individual	Support	Yes

Comments:

We STRONGLY SUPPORT SB972 with one request for an amendment.

Pearl Harbor Naval Shipyard, one of four Naval shipyards in the U.S., is a significant part of federal military value-added comprising 6 percent of Hawaii GDP. While the submarine footprint in Pearl Harbor will continue to grow slightly by 2025, the surface combatant fleet currently homeported in Pearl Harbor is planned to be significantly reduced and surface ships will be relocated to San Diego for deep maintenance, and most are at risk for not returning.

Surface vessel repairs are typically outsourced to private-sector ship repair companies, a major part of the estimated \$180-200 million in civilian ship repair activities in Hawaii during 2018.

The impact of losing surface vessel repair work would be far-reaching, well beyond the loss of direct military jobs associated with surface ships leaving the area. The Navy's drydock capacity shortfalls will refocus nearly 100% of the current PH drydock capacity on submarine maintenance and displace nearly all surface ship drydock maintenance and modernization to the west coast. **THE LOSS OF NAVY SURFACE SHIP DRYDOCK MAINTENANCE TO THE PH PRIVATE-SECTOR SHIP REPAIR COMMUNITY WOULD SIGNIFICANTLY SHRINK THE LOCAL INDUSTRY AND BE UNRECOVERABLE.**

There will be drastic adverse economic and industrial impacts to the State of Hawaii as a result of the U.S. Navy's current plan to move surface fleet maintenance from Pearl Harbor to the West Coast. A mitigation strategy is needed that avoids the adverse economic impacts of displaced ship repair activities over the next seven years: **LOSS OF NEARLY 1.31 BILLION IN HAWAII GDP, \$351 MILLION IN LABOR EARNINGS, AND AN ANNUAL AVERAGE OF NEARLY 1000 JOBS EACH YEAR.**

The construction of a purpose-built floating drydock capable of accommodating any of the submarines and surface ships currently in and planned for at Pearl Harbor represents the best mitigating solution for the State of Hawaii. This floating drydock will not only protect private-sector maritime jobs that are expected to be lost, but will stimulate overall job growth of this sector, prevent the erosion of Hawaii's private ship repair capability and provide greater strength and stability to the Navy's Mid-Pacific

Surface Force. This offers a shared solution for the industry, State of Hawaii, and Navy that results in a fifth drydock; a new, mobile, floating asset in place by 2022. Given its 50+ year life cycle, this additional Pearl Harbor drydocking capacity will provide economic gains well into the future.

WE REQUEST ONE AMENDMENT ON PAGE 7, LINE 4: to add the phrase "for taxable years beginning after December 31, 2019" for clarity purposes. We humbly request you to make this amendment and to pass this bill.

SB-972-HD-1

Submitted on: 3/25/2019 9:24:56 PM

Testimony for FIN on 3/27/2019 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan S. Hayashi	Individual	Support	Yes

Comments:

SHIP REPAIR ASSOCIATION HAWAII (SRAH)

SB972 SD1 HD1 TESTIMONY MARCH 27, 2019

Chair Luke, Vice Chair Cullen, and members of the Committee on Finance

Thank you for the opportunity to rise in strong support on behalf of the SHIP REPAIR ASSOCIATION HAWAII (SRAH), its 33- member companies, and 7,000 plus Maritime sector employees.

My name is Alan S. Hayashi and I am here representing the Ship Repair Association Hawaii (SRAH). The SRAH member Companies are listed below:

Aerotek â™ Airgas Gaspro â™ AMP United â™ Anawati & Associates â™ BAE Systems Hawaii Shipyards â™ C&S Services â™ CB Tech Service Inc. â™ Dresser-Rand â™ EMS ICE â™ Epsilon Systems â™ Hawaii Marine Cleaning â™ HSI Electric Boat â™ HSI Mechanical â™ Inspec Testing â™ International Marine & Industrial App â™ Jo-Kell Inc. â™ Leeward Marine Inc. â™ Marisco Ltd. â™ Oceaneering International, Inc. – Marine Services Division â™ Pacific Shipyards International â™ Phoenix International â™ PCE Hawaii, LLC â™ QED Systems Inc. â™ Safway Services, LLC â™ Signal Mutual Indemnity â™ SureID, Inc. â™ The American Equity Underwriters â™ Tradesmen International LLC â™ Trident Maritime Systems US Joiner â™ Ty Realty, Inc. â™ UTS Maritime Services

Last year’s Legislative Session saw the need for a Grant in Aid funded study to determine the adequacy of Pearl Harbor Navy Ship Yard (PHSNY) facilities to retain Navy Surface ship repair in Hawaii, rather than send the surface ships to the US West Coast for repair. I will summarize the findings as follows:

“This study addresses the anticipated economic and industrial impacts to the State of Hawaii as a result of the U.S. Navy’s current plan to move surface fleet maintenance from Pearl Harbor to the West Coast. The Ship Repair Association of

Hawaii (SRAH) offers a mitigation strategy that avoids the adverse economic impacts of displaced ship repair activities over the next seven years: loss of nearly \$1.31 billion in Hawaii GDP, \$351 million in labor earnings, and an annual average of 900 jobs each year. (Paul Brewbaker). The proposed strategy will not only protect private-sector maritime jobs that are expected to be lost, but will stimulate overall job growth of this sector, prevent the erosion of Hawaii's private ship repair capability and provide greater strength and stability to the Navy's Mid-Pacific Surface Force. This study offers a shared solution for the industry, State of Hawai'i, and Navy that results in a fifth drydock; a new, mobile, floating asset in place by 2022. Given its 50+ year life cycle, this additional Pearl Harbor drydocking capacity will provide economic gains well beyond the outyears projected in this study."

The conclusion of this study is loss of a major portion of the Hawaii Ship Repair industry.

"The loss of nearly \$1.31 billion in Hawaii GDP, \$351 million in labor earnings, and an annual average of 900 jobs each year." (Paul Brewbaker).

- **This study concludes that the impact of losing surface vessel repair work would be far-reaching, well beyond the loss of direct military jobs associated with surface ships leaving the area.**
- **The loss of Navy surface ship drydock maintenance to the mainland would severely impact the Pearl Harbor private-sector ship repair community, and would significantly shrink the local industry and become unrecoverable. Hawaii will lose its heavy industrial repair capability.**
- **This study confirms the need and requirement for this floating drydock asset. The analysis demonstrates that constructing a purpose-built floating drydock capable of accommodating any of the submarines and surface ships currently in and planned for at Pearl Harbor represents the best mitigating solution for the State of Hawai'i and the U.S. Navy.**

We respectfully request this Legislature pass this measure to further the progress toward acquiring the floating dry dock asset, prior to the urgent need in 2022. This measure is about saving a critical industry and many jobs!

Thank you for the opportunity to testify. I will be glad to answer any questions.

SB-972-HD-1

Submitted on: 3/26/2019 7:34:12 AM

Testimony for FIN on 3/27/2019 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Buelsing	Individual	Support	No

Comments:

SB-972-HD-1

Submitted on: 3/26/2019 7:39:00 AM

Testimony for FIN on 3/27/2019 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ken Loui	Individual	Support	No

Comments:



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, March 27, 2019 at 2:30 P.M.
Conference Room 308, State Capitol**

LATE

**RE: SB 972 SD1 HD1, RELATING TO SHIP REPAIR INDUSTRY TAX CREDIT; PEARL HARBOR;
INCOME TAX**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 972 SD1 HD1, which establishes the ship repair industry income tax credit to offset costs incurred to construct and put into service purpose-built floating drydocks at Pearl Harbor for the use by the United States Navy. The bill would also repeal the capital infrastructure tax credit.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Pearl Harbor Naval Shipyard, one of four Naval shipyards in the U.S., is a significant part of federal military value-added comprising 6 percent of Hawaii GDP. While the submarine footprint in Pearl Harbor will continue to grow slightly by 2025, the surface combatant fleet currently homeported in Pearl Harbor is planned to be significantly reduced and surface ships will be relocated to San Diego for deep maintenance, and most are at risk for not returning.

Surface vessel repairs are typically outsourced to private-sector ship repair companies, a major part of the estimated \$180-200 million in civilian ship repair activities in Hawaii during 2018.

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There will be drastic adverse economic and industrial impacts to the State of Hawaii as a result of the U.S. Navy's current plan to move surface fleet maintenance from Pearl Harbor to the West Coast. A mitigation strategy is needed that avoids the adverse economic impacts of



Chamber of Commerce HAWAII

The Voice of Business

displaced ship repair activities over the next seven years: **LOSS OF NEARLY 1.31 BILLION IN HAWAII GDP, \$351 MILLION IN LABOR EARNINGS, AND AN ANNUAL AVERAGE OF NEARLY 1000 JOBS EACH YEAR.**

The construction of a purpose-built floating drydock capable of accommodating any of the submarines and surface ships currently in and planned for at Pearl Harbor represents the best mitigating solution for the State of Hawaii. This floating drydock will not only protect private-sector maritime jobs that are expected to be lost, but will stimulate overall job growth of this sector, prevent the erosion of Hawaii's private ship repair capability and provide greater strength and stability to the Navy's Mid-Pacific Surface Force. This offers a shared solution for the industry, State of Hawaii, and Navy that results in a fifth drydock; a new, mobile, floating asset in place by 2022. Given its 50+ year life cycle, this additional Pearl Harbor drydocking capacity will provide economic gains well into the future.

Thank you for the opportunity to testify.