



TESTIMONY BY:

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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 20, 2020
11:00 a.m.
State Capitol, Room 308

H.B. 2475, H.D. 1
RELATING TO CARGO CARRIERS

House Committee on Finance

The Department of Transportation (DOT) **opposes** H.B. 2475, H.D. 1. The bill proposes to authorize the DOT to expend funds from the harbor special fund to provide subsidies to cargo carriers to offset costs incurred by the cargo carriers as a result of providing cargo carrier services to ports serving counties within the State having a population of less than 500,000 and comprising three or more populated islands.

The DOT understands the intent of the bill and appreciates the effort to keep shipping costs down to the neighbor islands counties. However, having the DOT provide subsidies for the cost of transportation to cargo carriers providing services to the counties economically discriminates against an overseas carrier who invests in equipment and a workforce to transship cargo from the west coast to Sand Island and then on to the neighbor islands. The bill proposes DOT, Harbors Division, favor an overseas carrier who subcontracts cargo to the inter-island carrier by providing subsidies that would create an unfair competitive advantage.

Furthermore, the DOT has concerns about subsidies being appropriated from the harbor special fund. The harbor special fund generates revenue from collecting wharfage, port entry, land leases, and other maritime related fees. The benefit of offsetting costs to service counties with small populations go beyond those of just the maritime industry.

Thank you for the opportunity to provide testimony.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
THURSDAY, FEBRUARY 20, 2020 AT 11:00 A.M.**

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance;

TESTIMONY IN SUPPORT OF HB2475 RELATING TO CARGO CARRIERS

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our support of HB2475.

Maui County, particularly the islands of Lanai and Molokai, are very reliant upon Young Brothers services. We understand there are higher costs for them to do business in these regions and they have worked to not leave these areas without options. However, there are times when service is not as reliable as it needs to be, which is always challenging for businesses. We feel it is important for the state's transportation system to be equitable for all counties and as the only tri-island county, Maui County has had higher burdens. This subsidy would help to offset and equalize that.

If the state is providing subsidies to ensure a fair system, then we would hope that the subsidy would offset some of the rate hikes Young Brothers was looking to propose in Maui County, which is significant. These rate hikes will creates hardships to local businesses who provide goods and services to local people and thereby, would increase the cost of living for residents.

We appreciate the opportunity to testify on this matter and ask that this bill be passed.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

HB-2475-HD-1

Submitted on: 2/19/2020 11:09:10 AM

Testimony for FIN on 2/20/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy Goeggel	Animal Rights Hawai'i	Comments	Yes

Comments:

Animal Rights Hawai'i is concerned that the Legislature is complimenting Young Bros. for reduced carbon emissions but has omitted mentioning that 21 pregnant heifers perished from unacceptable handling by said company in November, 2019. Their planned increase in fees by 34% is also not addressed. We see this as an end run to prop up the livestock industry, which every year claims to be making Hawai'i "sustainable," whilst asking for more taxpayer dollars.

The HDOA has stated in two public hearings that they are committed to making livestock transport regulations that will ensure the health and safety of animals shipped intra and inter state. We shall be monitoring this process closely. We look forward to more transparency regarding mortality, record keeping and shipmasters' declarations on the part of HDOA and Young Bros as well as Matson.

The Thirtieth Legislature
Regular Session of 2020

THE HOUSE

Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Thursday, February 20, 2020; 11:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2475, H.D.1
RELATING TO CARGO CARRIERS**

The ILWU Local 142 **offers comments** on H.B. 2475, H.D.1, which authorizes the Department of Transportation to expend funds from the harbor special fund to provide subsidies to cargo carriers to offset costs incurred by the cargo carriers as a result of providing cargo carrier services to ports serving counties within the State having a population of less than 500,000 and comprising three or more populated islands and appropriates moneys.

The ILWU Local 142 understands the concerns H.B. 2475, H.D.1 is trying to address. However, we also have concerns that an unknown amount of money from the harbor special fund could be utilized to provide subsidies to cargo carriers which could potentially jeopardize much needed maintenance and repair projects or potential upgrades to our statewide harbors.

We would also like to point out that this bill as drafted seems to exclude Kauai County and Hawaii County which also incur similar shipping costs as Maui County.

Thank you for the opportunity to offer testimony on this measure.