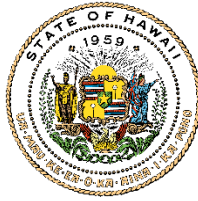


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
WATER & LAND

Friday, March 14, 2025
1:00 PM
State Capitol, Conference Room 229

In consideration of
HOUSE BILL 649, HOUSE DRAFT 1
RELATING TO SMALL BOAT HARBORS

House Bill 649, House Draft 1 proposes to create the small boat harbor (SBH) commercial vessel special fund; increase SBH fees for commercial ocean operators; allocate a portion of commercial fee collections to the SBH commercial vessel special fund; requires that revenue in the SBH commercial vessel special fund be used exclusively for improvements that primarily benefit commercial vessels utilizing state SBHs; and authorizes the issuance of general obligation bonds with debt service to be paid from the special funds for repairs of various SBHs. **The Department of Land and Natural Resources (Department) acknowledges the intent of this measure and offers the following comments and amendments.**

Managing the SBH program is one of the thirteen statutory mandates contained in Section 200-3, Hawaii Revised Statutes, under the jurisdiction of the Division of Boating and Ocean Recreation (DOBOR). DOBOR is currently self-funded via the Boating Special Fund (BSF) but cannot address all infrastructure needs with available funds, needing funding support for infrastructure projects through the Capital Improvement Project (CIP) budget.

The Department recognizes this measure's innovative approach to addressing the many deferred repair and maintenance projects at state SBHs and boating facilities. However, the Department notes that all slips in state SBHs are "recreational" due to how DOBOR's administrative rules are structured regarding moorings and slips. DOBOR does not issue "commercial" mooring permits. Instead, when a slip holder wishes to operate commercially, a commercial use permit (CUP) is issued as a counterpart to an existing recreational mooring permit, provided that a CUP is available and the permittee is in compliance with all laws and rules.

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
CIARA W.K. KAHAHANE
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
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

If fees are allocated according to this measure (40% of revenue generated from commercial vessels allocated to the SBH commercial vessel special fund), there would be a substantial impact to DOBOR's overall operations because a large portion of BSF revenues are currently derived from commercial fee collections.

There is a total of 2,000 slips across all sixteen SBHs in the State. As of this testimony, only 323 of these 2,000 slips (roughly 16%) are used for commercial purposes; thus, most of the slips in the SBH inventory are being used for recreational purposes only. Further, the Department does not separate commercial tenants from recreational-only tenants due to SBHs accommodating vessels of varying sizes, which means that recreational-only and commercial tenants are intertwined throughout all SBHs. Therefore, it will be practically impossible to separate out improvements that will exclusively benefit commercial users, as proposed by this measure, without substantial changes to the physical layout and organization of SBHs.

Regarding the proposal to authorize issuance of general obligation (GO) bonds with debt service to be paid from special funds (MOF D), the Department prefers that any such funding be appropriated as MOF C. Requiring debt service to be paid by special funds will decrease available special fund revenues and hinder DOBOR's ability to quickly respond to sudden and catastrophic events, such as grounded vessel cleanups and SBH damage from weather events.

The Department notes that due to increased costs of supplies and labor, the lowest bids for DOBOR's infrastructure contracts, and even grounded vessel cleanup contracts, have been higher than estimated and budgeted amounts, forcing DOBOR to supplant the budgeted amounts with funds from the BSF. DOBOR previously received MOF D funding several years ago and saw a dramatic decrease in available funds during the 17-year period that it took to fully pay off the debt service. If there are unforeseen events that cause a drop in commercial fee collections, such as the COVID-19 pandemic and the Lahaina wildfires, DOBOR may be unable to make debt service payments while simultaneously being unable to address infrastructure needs.

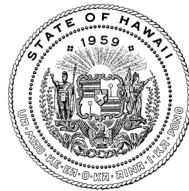
The Department appreciates that the Legislature is exploring innovative approaches to help DOBOR with funding limitations. In the 2024 legislative session, the Department introduced House Bill 2477 as an administration measure, which proposed increased commercial fees and also provided a method for issuing CUPs where a limit was implemented. Therefore, the Department recommends replacing the contents of this measure with House Bill 2477 (2024), or alternatively amending this measure as follows:

- Removing the establishment of the new small boat harbor commercial vessel special fund;
- Removing the issuance of GO bonds with debt service paid from special funds and funding any CIP as MOF C;
- Keeping the commercial percentage fee increase on page 3, line 18 of the original measure; and
- Amending the language on page 3, lines 14 through 17 to read as follows:

(5) ~~If [a vessel is used for commercial purposes from the vessel's permitted mooring,~~ the permittee is carrying passengers for hire, the permittee shall pay, in lieu of

the moorage fee required by paragraph (1), a monthly fee
that shall be the greater of:

Mahalo for the opportunity to testify on this measure.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WATER AND LAND
ON
HOUSE BILL NO. 649, H.D. 1

March 14, 2025
1:00 p.m.
Room 229 and Videoconference

RELATING TO SMALL BOAT HARBORS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 649, H.D. 1: 1) establishes the Small Boat Harbor Commercial Vessel Special Fund (SBHCVSF) to be administered by the Department of Land and Natural Resources for improvements that benefit commercial vessels that use State small boat harbors; 2) sets the sources of revenue for the SBHCVSF, including legislative appropriations, a portion of the fees designated under Paragraph 200-10(c)(5), HRS, interest, dividends, or other sources; 3) increases the fee for vessels used for commercial purposes from 3% to an unspecified percent of the gross revenue derived from the use of the vessel; 4) mandates that an unspecified percent of the revenue collected under Paragraph 200-10(c)(5), HRS, is deposited into the SBHCVSF; and 5) authorizes the Director of Finance to issue an unspecified sum of reimbursable general obligation bonds and appropriates the funds for FY 26 for capital improvement program projects for LNR 801 - Ocean-Based Recreation, provided that the debt service be paid from unspecified special funds.

As a matter of general policy, B&F does not support the creation of any special fund, which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 649, H.D. 1, it is difficult to determine whether the proposed SBHCVSF would be self-sustaining or if there is need for a new special fund when the existing Boating Special Fund can be used for this purpose.

Thank you for your consideration of our comments.

HB-649-HD-1

Submitted on: 3/10/2025 4:28:02 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Zachary LaPrade	Testifying for Calypso Charters	Oppose	Remotely Via Zoom

Comments:

Dear Chair, Vice Chair, and Members of the Committee,

My name is Zachary LaPrade and I operate a charter boat on Maui. The proposed fee increases under **HB649** for commercial operators come at a time when many, especially those on Maui, are struggling with significant revenue losses due to the recent fires. Margins are already in the single digits, and raising fees now would only exacerbate these hardships.

Operators on Maui have seen revenues decline by more than 40% from pre-fire levels. Taking an additional 2% of gross receipts at this time will only make it less likely that these family businesses recover. Additionally, the current 3% fee is already percentage-based. This means that if boat businesses in Hawai‘i do better, the state does better. Simply increasing the fee to 5% doesn’t guarantee more money to the state if it causes businesses to go under. Boat operators already pay GET, the county surcharge fee, the Ocean Stewardship Fee (\$1 per passenger), the 3% DLNR fee, and all the other taxes and fees that go into running a business in Hawai‘i.

In addition, the current cost of living in Hawai‘i is \$259,000—\$59,000 more than the nearest state. Taking more money off the top just means that these companies have less money to pay their employees, who are already struggling with inflation and skyrocketing rent and mortgage costs. While harbor maintenance is essential, this bill fails to acknowledge the following issues:

1. **Small Businesses Already Pay Their Fair Share:** We already pay harbor fees, permitting fees, and contribute to the newly implemented Ocean Stewardship Special Fund, which took effect in 2024. This new fund was specifically designed to provide long-term sustainability for Hawai‘i’s marine environment. Now, HB649 is proposing yet another fee increase—this is neither fair nor sustainable for small businesses.
2. **Lack of Accountability:** There is no clear framework ensuring that the increased fees will directly benefit commercial operators. Without transparency, these additional costs feel more like a tax than an investment in our harbors. The state must first demonstrate that current funds are being efficiently allocated before imposing new financial burdens.
3. **No Consideration for Maui’s Recovery:** The fires on Maui devastated businesses and tourism, and recovery remains an uphill battle. Yet, instead of offering relief, HB649 seeks to impose even greater financial strain. The state should be supporting affected businesses, not making it harder for them to survive.
4. **A Counterproductive Revenue Model:** The current harbor fee structure is already based on a percentage of gross revenue, meaning the state benefits when commercial operators

do well. Raising this percentage from 3% to 5% does not guarantee additional revenue; it only increases the financial pressure on businesses, making it harder for us to reinvest in our operations, employees, and community.

5. **Increased Costs Hurt Local Businesses and Workers:** Commercial operators cannot simply pass these added costs onto consumers. Inflation and rising expenses have already pushed prices higher, making Hawai‘i’s tourism industry less competitive. This increase will hurt both businesses and employees, as companies struggle to balance rising costs while paying fair wages.

Small businesses are not an unlimited resource for funding government projects. If the state is serious about improving small boat harbors, it should first ensure that existing funds—including those from the Ocean Stewardship Special Fund—are managed properly before demanding more from struggling businesses. I respectfully urge the committee to reject HB649 and consider alternative solutions that support local businesses rather than burden them.

Mahalo for your time and consideration.

Sincerely,
Zachary LaPrade

HB-649-HD-1

Submitted on: 3/12/2025 2:39:53 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Daniel Hazen	Testifying for Holo Holo Charters, Inc.	Oppose	Remotely Via Zoom

Comments:

Aloha Chair Inouye, Vice Chair Elefante, and Committee Members,

I am writing to express my strong opposition to HB649, as the proposed fee increases would place an undue burden on operators who are already struggling—especially on Maui.

Currently, fees are structured based on a business's success, which is fair. However, given the already thin profit margins most operators face, any further increase could jeopardize the financial viability of many small businesses across the state—not just operators, but also their employees, families, and the broader economy.

Additionally, a major issue lies in the bureaucratic hurdles that make it difficult and costly to access the special fund for harbor repairs and maintenance. Rather than increasing fees, a more effective solution would be to streamline this process to ensure that existing funds are utilized efficiently. Addressing these inefficiencies would allow much-needed improvements to be made without placing additional financial strain on struggling businesses.

I urge lawmakers to reconsider this measure. Instead of increasing fees, the focus should be on supporting local operators—especially small businesses—so they can remain competitive and sustainable.

Mahalo for your time and for considering the consequences of HB649.

Daniel Hazen
Operations Manager, Holo Holo Charters Inc.

REVENUE SOURCE	Amount
Harbors	882
Mooring Fees	189,359.45
Commercial Percentage Rent	812,753.28
Commercial Permits	377,825.43
Parking Fees	21,664.70
Electrical Charges	2,008.85
ORMA	
Other Fees	178,198.46
Misc. Harbor Revenue	13,587.18
	1,595,397.35
All Other	
Mooring Fees - Non Harbor	
Commercial Percentage Rent - Ramp	
Commercial Permits - Ramp	
Liquid Fuel Tax	
Rental of Land & Wharf	126,291.36
Parking Fees	
Ramp Permit Fees	
Vessel Registration	
Cruise Ship Revenue	9,766.80
Investment Pool Income	
ORMA	
Other Fees	
Misc. Non Harbor	
	136,058.16
Total Revenue	1,731,455.51
	Lahaina
EXPENSES	Harbor
	882
Payroll	385,502.36
Repair & Maintenance	
Repairs & Maintenance Expense	257,353.22
Repairs & Maintenance Supplies	9,626.34
Total R & M	266,979.56
Operating Supplies	12,222.24
Utilities	
Electricity	922.56
Gas	
Water	28,069.11
Sewer	
Telephone	10,256.48
Other Utilities	
Total Utilities	39,248.15
Rental of Property & Equipment	7,088.61
GOR Bond	13,406.18
Budget & Finance Assessment	14,587.77
Div. of Conservation & Resource Enforcement	
Work Comp. & Unemployment Benefits Pmts	262.13
Personal Serv-Othr State Dept.	8,927.59
Services On A Fee Basis	62,721.10
Other Expense	
Capital Outlay	1,256.88
Travel Expenses	3,340.44
Vessel Removal	7,674.00
Other Expenses	7,844.73
Total Other Expenses	20,116.05
Total Expenditures	831,061.74
Net Income (Loss)	900,393.77

COMMITTEE ON WATER AND LAND

DATE: Friday, March 14, 2025

TIME: 1:00 PM

Strong Opposition to HB649 Due to an Unspecified Increase in Fees

Aloha Chair Inouye. Vice Chair Elephante and committee members,

My name is Antoinette Davis. It has been my honor to represent the Activities and Attractions Association of Hawaii (A3H), a not-for-profit 501c6 trade organization, as its executive director since 1997 (28 years). A3H strongly opposes HB649 HD1 due to the unspecified percentage of gross revenue from the vessel's activity. The image to the left is the 2022 P&L of Lahaina Harbor. Noting the Commercial Fees generated, the strange \$10K telephone expense, and the Profit of \$900K.

We support establishing an SBHCVSF (Small Boat Harbor Commercial Vessel Special Fund). We want to see ALL monies generated by Hawaii's Small Boat Harbors' commercial activities used for daily operations and capital improvement programs for that specific facility. Even though these harbors are shared with recreational boaters, this would clearly show the sustainability of harbors and boat ramps. Commercial activity should and could carry the recreational aspect. They should balance each other.

If a facility is operating financially in the red, revenues for those facilities should be increased to support that specific facility or closed if not holding its own.

There is a lack of data regarding harbor-by-harbor financials. Since the fires, I have been requesting a more recent P&L for Lahaina Harbor. I received a 2022 P&L from Juergen Gross, State of Hawaii Administrative Officer (embedded image). Lahaina Harbor made \$900,000 in 2022, representing a 52% return on revenue for 2022. In 2023, before the fire, revenue increased. The extreme \$10K telephone expense (\$854.70 a month) has not been explained. Yet, with all this, Lahaina Harbor remains closed.

The financial structure of small boat harbors needs to be modified for clarity and auditing purposes. It should not include increasing business costs for these tourism-dependent businesses, which already shoulder everything for ALL USERS of State Facilities.

These businesses are already experiencing challenges due to Hawaii tourism's downturn. The future looks even more challenging with recent forecasts of domestic airline travel reduction due to the new U.S. (MAGA) administration (Delta's recent announcement).

Mahalo, thank you for your time, consideration, and opportunity to testify.



THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025

COMMITTEE ON WATER AND LAND

Senator Lorraine R. Inouye, Chair
Senator Brandon J.C. Elefante, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 14, 2025
TIME: 1:00 PM
PLACE: Conference Room 229 & Videoconference
State Capitol
415 South Beretania Street

**TESTIMONY OF THE OCEAN TOURISM COALITION IN STRONG
OPPOSITION OF HB649 HD1.**

Dear Chair Inouye, Vice Chair Elefante, and Members of the Committee on Water and Land:

My name is Denver Coon, and I am the president of the Ocean Tourism Coalition ("OTC"), representing hundreds of locally owned ocean tourism businesses across Hawaii—many of them family-run operations that have served our communities for generations. I am writing to express our strong opposition to HB649 HD1, which proposes a fee increase for commercial operators at a time when businesses, especially those on Maui, are already struggling to survive.

HB649 would impose a significant financial burden on an industry already on the brink.

Hawaii's visitor numbers remain below 2019 levels statewide, and for Maui, the situation is even more dire. Many operators on Maui are down more than 40% from pre-fire levels. Raising fees now will only prolong the economic downturn and make it even harder for local businesses to recover.

Margins for boat operators are already razor-thin, and increasing the state's take from 3% to 5% of gross receipts will push many family businesses closer to closure. This is not just a tax increase—it's a direct hit to businesses already struggling to stay afloat.

Additionally, the current fee is already percentage-based, meaning when businesses succeed, the state also benefits. If the state truly wants to increase revenue, it should focus on rebuilding visitor demand rather than imposing new financial burdens that could drive businesses under.

Boat operators already pay more than most tourism businesses in Hawaii, including:

- General Excise Tax (GET)
- County surcharge fee
- Ocean Stewardship Fee (\$1 per passenger)
- Existing 3% DLNR fee

Now Is Not the Time for More Financial Burdens

Hawaii is still in economic recovery. The U.S. economy remains volatile with inflation, rising interest rates, and a cooling consumer market affecting travel decisions. Meanwhile, Hawaii's cost of living is already \$259,000—\$59,000 higher than the next closest state.

Businesses cannot absorb more costs without consequences. Unlike large corporations, locally owned operators cannot simply raise prices to compensate. Many have already raised prices due to inflation, making Hawaii less competitive against other destinations. A fee hike would only make it harder to attract visitors, reduce demand, and further stall economic recovery.

Harbor Maintenance Is Important—But This Is the Wrong Approach

No one disputes that maintaining our harbors is essential. However, raising fees during a fragile economic recovery is the wrong approach. Instead, we should be looking for solutions that support local businesses while ensuring long-term sustainability for our harbor infrastructure.

For these reasons, I strongly urge the committee to defer HB649 HD1 and consider alternatives that do not put additional pressure on already struggling local businesses.

Thank you for your time and consideration.

Sincerely,



Denver S. Coon
President, Ocean Tourism Coalition

HB-649-HD-1

Submitted on: 3/10/2025 4:34:05 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chandra Bertsch	Testifying for Holo Holo Charters	Oppose	Written Testimony Only

Comments:

Aloha,

I oppose HB649 as written. My business is not affected by this bill as we operate within a DOT harbor, but I am very concerned to see proposed fee increases when I have heard directly from DLNR DOBOR that they are very well-funded but they are unable to spend their money due to the procurement process. By the time approval happens to get a project moving, there are more things needed and they have to start over. Our harbors are consistently run down and inadequate across the state. We would all appreciate better upkeep but asking operators to foot the bill when we don't see how the current funds are spent is inappropriate.

Thank you for doing your diligence to not approve a fee increase until an audit of DOBOR spending and procurement processes is completed.

Mahalo,

Chandra Bertsch

Co-Owner & General Manager

Holo Holo Charters

HB-649-HD-1

Submitted on: 3/11/2025 7:55:52 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Christopher Kasper	Testifying for Calypso Charters	Oppose	Written Testimony Only

Comments:

Aloha,

I strongly oppose this bill. It is an unnecessary burden on our business and our customers. The cost to vacation in Hawaii is already extremely expensive. We don't need to increase costs more.

Mahalo

HB-649-HD-1

Submitted on: 3/11/2025 9:11:54 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
SLEIMAN K. SALIBI	Testifying for TRUE BLUE INC.	Oppose	Written Testimony Only

Comments:

COMMITTEE ON WATER AND LAND**DATE: Friday, March 14, 2025****TIME: 1:00 PM****Strongly Oppose HB649 Due to an Unspecified increase in Fees**

Aloha Chair Inouye. Vice Chair Elephante and committee members,

My name is Sleiman K. Salibi. I represent True Blue Inc. DBA True Blue Charters; DBA Kauai Beach Boys; DBA Da Life Outdoor Gear; since 1983 (42 years). True Blue Inc. strongly opposes HB649 HD1 due to the unspecified percentage of gross revenue from the vessel's activity.

The image to the left is Lahaina Harbor's 2022 P&L. Noting the Commercial Fees generated, the strange \$10K telephone expense, and the Profit of \$900K.

We support establishing an SBHCVSF (Small Boat Harbor Commercial Vessel Special Fund). We want to see ALL monies generated by Hawaii's Small Boat Harbors' commercial activities used for daily operations and capital improvement programs for that specific facility. Even though these harbors are shared with recreational boaters, this would clearly show the sustainability of harbors and boat ramps. Commercial activity should and could carry the recreational aspect. They should balance each other.

If a facility is operating financially in the red, revenues for those facilities should be increased to support that specific facility or closed if not holding its own.

There is a lack of data regarding harbor-by-harbor financials. Since the fires, I have been requesting a more recent P&L for Lahaina Harbor. I received a 2022 P&L from Juergen Gross, State of Hawaii Administrative Officer,(image).

Lahaina Harbor made \$900,000 in 2022, representing a 52% return on revenue for 2022. In 2023, before the fire, revenue increased. The extreme \$10K telephone expense (\$854.70 a month) has not been explained. Yet, with all this, Lahaina Harbor remains closed.

The financial structure of small boat harbors needs to be modified for clarity and auditing purposes. It should not include increasing business costs for these tourism-dependent businesses, which already shoulder everything for ALL USERS of State Facilities.

These businesses are already experiencing challenges due to Hawaii tourism's downturn. The future looks even more challenging with recent forecasts of domestic airline travel reduction due to the new U.S. (MAGA) administration (Delta's recent announcement).

Mahalo, thank you for your time, consideration, and opportunity to testify.

HB-649-HD-1

Submitted on: 3/11/2025 10:03:59 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Blake Moore	Testifying for Teralani Sailing Adventures	Oppose	Written Testimony Only

Comments:

Aloha Chair and Members of the Committee,

I am writing in strong opposition to HB649, which proposes a 66% increase in state user fees on the maritime industry. This aggressive fee hike is not only excessive but also counterproductive to the state's stated goal of reducing reliance on tourism while supporting economic diversification.

1. Increased Tourism Dependence Contradicts State Goals

Hawai'i has committed to diversifying its economy and reducing its dependence on tourism. However, increasing these fees forces maritime businesses to pass costs onto visitors, further entrenching the state's reliance on tourism dollars. Instead of fostering economic independence, HB649 makes Hawai'i more dependent on the very industry it aims to balance.

2. Unprecedented Fee Hike Hurts Economic Recovery

A 3% annual increase in fees far exceeds typical industry adjustments and does not leave room for businesses to absorb rising costs of fuel, labor, insurance, and supplies. More critically, a 66% total increase is an overwhelming burden on an industry still in recovery. Many operators are already struggling to sustain operations post-pandemic, and this sharp spike could force businesses to reduce services, lay off employees, or shut down altogether.

3. Lahaina's Recovery Must Come First

The devastation in Lahaina has had widespread impacts on the maritime and tourism sectors, with many operators unable to resume business. Imposing a drastic fee increase now would cripple businesses that are still working toward recovery and delay Lahaina Harbor's ability to reopen successfully. These fees should remain stable until the industry fully recovers and a comprehensive economic assessment—including Lahaina's restoration—is completed.

4. Unfair Burden on Small & Local Businesses

This proposal disproportionately affects small, locally owned businesses that operate on tight margins. While large corporations may have the financial cushion to absorb higher fees, smaller

tour operators and charter businesses will struggle to stay afloat. Many of these businesses provide cultural, educational, and community benefits, and an increased financial burden could cause irreparable damage to Hawai'i's maritime industry.

Conclusion: Keep Fees Consistent Until Full Recovery

At a time when businesses need stability and support, HB649 introduces uncertainty and financial strain. We urge lawmakers to maintain current user fees until the industry has fully recovered, including Lahaina Harbor. Only then should a reassessment be conducted to determine a reasonable and sustainable path forward.

For these reasons, I respectfully urge the committee to OPPOSE HB649 and protect the long-term economic health of our state's maritime industry.

Mahalo for your time and consideration.

HB-649-HD-1

Submitted on: 3/11/2025 12:33:42 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marc Rubenstein	Testifying for Polynesian Adventure Tours, LLC	Oppose	Written Testimony Only

Comments:

Committee on Finance
Hawai‘i State Legislature
Hawai‘i State Capitol
415 S. Beretania Street
Honolulu, HI 96813

RE: STRONG OPPOSITION TO HB 649

Aloha Chair Inouye, Vice Chair Elefante, and Members of the Committee,

My name is Marc Rubenstein, I am the COO/SVP for Polynesian Adventure Tours.

I am writing in strong opposition to HB 649 HD1, which seeks to increase commercial permit fees for small boat harbors. While I fully support the responsible management and maintenance of our harbors, this bill unfairly shifts the financial burden onto small businesses and fails to provide accountability for existing funds.

Key Concerns:

- 1. Small Businesses Already Pay Their Fair Share**
Hawai‘i’s maritime businesses already contribute significantly through harbor fees, permit charges, and the Ocean Stewardship Special Fund established in 2024. This fund was specifically designed to ensure the long-term health of our marine environment, and yet HB 649 HD1 proposes yet another fee hike without clear justification.
- 2. Lack of Transparency and Accountability**
The bill does not provide a transparent framework ensuring that additional fees will be directly reinvested into harbor improvements benefiting commercial operators. Without proper oversight, these extra charges function more as an additional tax rather than a strategic investment in marine infrastructure.
- 3. Increased Financial Strain on Maui's Recovery**
The devastating wildfires on Maui have left many businesses struggling to recover. Rather than offering support, HB 649 HD1 adds another layer of financial burden during a critical time of rebuilding. For many operators, an increase in fees could mean the difference between survival and closure.

4. **A Flawed Revenue Model**

The current harbor fee structure already ties state revenue to a percentage of gross income, meaning that when businesses succeed, the state benefits. Raising the percentage from 3% to 5% does not guarantee increased revenue; instead, it places undue pressure on businesses, limiting their ability to reinvest in operations, employees, and local communities.

5. **Negative Impact on Local Jobs and Competitiveness**

Hawai‘i’s small businesses cannot simply pass these costs onto customers. With inflation and rising operational expenses, an additional fee increase will erode the competitiveness of our tourism industry and threaten the livelihoods of employees who depend on these businesses for their income.

In conclusion, small businesses are not an unlimited resource for funding government projects. If the state is truly committed to improving small boat harbors, it must first demonstrate that existing funds—such as those from the Ocean Stewardship Special Fund—are managed responsibly before imposing additional financial burdens.

I respectfully urge the committee to reject HB 649 HD1 and explore alternative solutions that ensure transparency, fiscal responsibility, and real support for Hawai‘i’s maritime businesses.

Mahalo for your time and consideration.

Marc Rubenstein

HB-649-HD-1

Submitted on: 3/11/2025 2:12:42 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Erik Stein	Testifying for Extended Horizons	Oppose	Written Testimony Only

Comments:

After 40 years of paying 2% and then 3% my experience is that these funds are not utilized for the harbor users. The current collection system takes too much already out of the pockets of small business without maintaining the facility from which they receive funding. I would want to see what is being done with current funding and where it is being spent to justify greater increases. Without that transparency I oppose this bill

HB-649-HD-1

Submitted on: 3/11/2025 2:42:09 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Bell	Testifying for Body Glove Cruises	Oppose	Written Testimony Only

Comments:

I am writing to oppose HB649, which unfairly increases fees on gross receipts for commercial operators. This proposal disproportionately burdens small businesses that are still recovering from economic hardships. Unlike large corporations, small operators cannot easily absorb these costs, making it harder to stay afloat.

Rising operational costs will also force businesses to raise prices, potentially reducing visitor demand and harming Hawaii's tourism industry. Higher costs could lead to job losses and a broader economic downturn affecting local businesses that rely on tourism.

Rather than increasing fees, the state should focus on streamlining DLNR's procurement process to ensure existing funds are allocated efficiently. Burdening small businesses is not the solution.

I urge you to reject HB649 and consider more effective alternatives. Thank you for your time and consideration.

Sincerely,

Michael Bell



March 11, 2025

Testimony Strongly Opposing HB649 – Concerning Small Boat Harbors increase to 5%

Honorable Chair and Committee Members,

I, Peter Wood strongly oppose HB649. To increase the 3% to 5% on Gross Receipts is disproportionately impacting our small business.

As a Kaanapali Beach Catamaran company we do not have any harbor facilities, there is no water, power, parking, fuel dock, or dedicated place for our guests to check in prior to boarding. Without safe harbors providing shelter with every storm we are forced to take action to save our vessels at the risk of the safety of ourselves and our staff. Yet we unfailingly pay the current rate of 3% harbor tax and have for decades, raising this to 5% would be unfair for a boating community who is already dealing with no harbor facilities. This would also be an additional fee to the \$1.00 per person DAR (Department of Aquatic Resources) for every passenger which we have already absorbed this year.

The impact of higher costs will force us to raise our prices, which will negatively affect visitor demand and harm the commercial charter boat industry. Tourism on Maui has been drastically reduced after the Lahaina Fires and 2023 we endured an economic hardship that was unfathomable. We are just now starting to recover and are still struggling without any harbor facilities on the West Side.

Our overhead continues to go up with the ever-increasing costs of doing business, from dry docks in Kona, to mooring repairs, equipment replacement and maintenance, professional and qualified employees, food costs, not to mention Marine and Automobile Insurance. We are struggling to keep our doors open and increasing the tax to 5% would be a hardship that would be unbearable and unsustainable for small businesses such as ours.

I respectfully ask you consider the negative impact this would have on the charter boat industry in Hawaii, who provide visitors with safe boating activities and are the backbone of the tourist economy.

Peter Wood – Owner/Captain Hula Girl and Shangri-La Sailing Charters – 808 870-3672



March 11, 2025

Testimony Strongly Opposing HB649

I, Inca Robbin strongly oppose HB649. To increase the 3% to 5% on Gross Receipt is disproportionately impacting our small business which is still recovering from the ricochet effects of Covid, the Lahaina Fire, dramatically low tourism numbers from previous years, lack of low-income housing for employees and the higher cost of living in Hawaii.

Small business operators with commercial boating companies face ever increasing operational burdens; from the cost of fuel, insurance, mandatory dry docks to outer islands, mooring repairs, catering and food costs soaring, maintenance of equipment and engine/sails replacements, wages for professional captains/crew, the list is endless. This substantial raise could be the nail in the coffin for many of the smaller operators such as us who are barely able to get by as is.

As a Kaanapali Beach Catamaran company we do not have any harbor facilities, there is no water, power, parking, fuel dock, or dedicated place for our guests to check in prior to boarding. Without safe harbors providing shelter with every storm we are forced to take action to save our vessels at the risk of the safety of ourselves and our staff. Yet we unfailingly pay the current rate of 3% harbor tax and have for decades, to raise this to 5% would be a hardship we will be unable to bear. This would also be an additional fee to the \$1.00 per person DAR (Department of Aquatic Resources) for every passenger which we have already absorbed this year.

We believe that the DLNR has adequate funds and remain ever hopeful that this will be redirected to the improve both Mala Ramp which desperately needs to be dredged and to rebuild the Lahaina Harbor. I cannot fathom why there is so little effort being made to rebuild Lahaina town and even more importantly the harbor. Take the Caribbean Islands for example, who frequently have devastating Hurricanes wipe out the harbors and ports in their islands, yet they immediately rebuild and get back on track with the knowledge that the economy will benefit from the Marine

Industry being fully supported with facilities for yachts and charter boats. I have been to multiple 3rd world countries whose harbors are well maintained and extremely profitable, yet as an American citizen in the USA operating charters with a small boating company for 39 years and paying taxes diligently, have been without the benefit of a harbor or dock the entire time. To increase the "harbor fee to 5% would be grossly unfair.

I humbly ask the State of Hawaii to consider not increasing this tax, but instead to work diligently towards improving the boating facilities and supporting the commercial marine operators who are the backbone of the tourist economy.

Thank you for taking the time to read my testimony.

Inca Robbin – Owner/Operator Hula Girl and Shangri-La Sailing Charters – 808 870-3673

Committee on Water and Land
Date: Friday, March 14, 2025
Time: 1:00 pm

Oppose HB649 as Written due to Unspecified Increase in Fees

Aloha Chair Inouye, Vice Chair Elephante and Committee Members,

My name is Jim Walsh, I am the General Manager for our Atlantis Submarines ~ Maui location. Atlantis Hawaii has been in operation here in Hawaii for 38 years. We have operations on the island of Hawaii, in Kona, on Oahu, in Waikiki, and Lahaina Maui (looking forward to restarting that operation). We **Oppose** HB649 as written due to the unspecified percentage of gross revenue that is missing from this bill.

We do support the idea stated in Section 1 (c) that the revenues generated from each small boat harbor would remain with that harbor. That is an idea that Atlantis, and the commercial industry has been advocating for, for some time now. The current DOBOR small boat harbor special fund has always been mismanaged, so we would hope that this fund would be better protected and be managed with transparency for the user groups see.

The main reason for our opposition to this bill is the unspecified percentage rent in section 2 (5). The Three percent is crossed out and the proposed new amount is left blank. We could not support this bill with an increased amount above the current three percent. The current business climate in the visitor industry is not good, and HTA forecast isn't good either. So for this reason, Atlantis opposes this bill. If the three percent gross revenue was added back into this bill, we would gladly support its passage.

Thank you for the opportunity to submit testimony on this very important issue.

Respectfully yours,

Jim Walsh
General Manager

HB-649-HD-1

Submitted on: 3/12/2025 12:01:22 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Andy McComb	Testifying for Redline Rafting	Oppose	Written Testimony Only

Comments:

Dear Members of the Legislature and the Department of Land and Natural Resources,

I am writing on behalf of **Redline Rafting**, a locally owned small business operating out of the Kihei boat ramp. Like many tour operators and small businesses in Maui, we are still **struggling with the severe downturn in tourism following the tragic wildfires in Lahaina**. Increasing harbor fees at this time—by a staggering **67% from 3% to 5% of gross revenue**—creates an additional burden on businesses like mine that depend on ocean-based tourism to survive.

A Fragile Industry Facing Unprecedented Challenges

Since the Lahaina fires, tourism on Maui has plummeted, and **many local businesses are operating at significantly reduced capacity**. Small tour operators, including Redline Rafting, have been doing everything possible to **keep our doors open, retain employees, and provide for our families** in the face of lower visitor numbers and economic uncertainty.

- Visitor spending on Maui has **dropped significantly**, and many small businesses are already operating on thin margins.
- A fee increase **directly tied to gross revenue means we will be paying more, even as we earn less**.
- The burden of this increase will **fall hardest on small, locally owned businesses** like mine, not on larger corporate entities that can more easily absorb the cost.

A Plea for Relief Instead of Added Burden

Instead of increasing fees on struggling small businesses, we urge DLNR and the legislature to consider:

- **Delaying any fee increase until Maui's tourism economy has fully recovered.**
- **Exploring alternative funding sources** that do not disproportionately burden small businesses already fighting to stay afloat.
- **Engaging directly with commercial operators** to understand the financial realities we are facing before implementing policies that could put additional hardships on many of us.

We are **not asking for special treatment**—we are simply asking for fairness and an acknowledgment of the **economic realities facing small businesses on Maui today**. Increasing fees at this moment will **only push more of us closer to the brink** at a time when we need support the most.

I strongly urge you to reconsider this increase and instead work toward policies that help, rather than hurt, small businesses in Hawaii's vital tourism industry.

Thank you for your time and consideration. I am happy to discuss this issue further and provide real-world insights into the challenges we are facing.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE SENATE COMMITTEE ON WATER AND LAND
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
Friday, March 14, 2025 AT 1:00 P.M.

To The Honorable Senator Lorraine R. Inouye, Chair
The Honorable Senator Brandon J.C. Elefante, Vice Chair
Members of the Committee on Water and Land

OPPOSE HB649 HD1 RELATING TO SMALL BOAT HARBORS

The Maui Chamber of Commerce **OPPOSES HB649 HD1** which increases harbor fees for commercial vessels, and requires that revenue from the fee increase be used by the Department of Land and Natural Resources for improvements that primarily benefit commercial vessels that utilize state small boat harbors.

The Chamber notes that, particularly in Maui County, most commercial small boat operations are small, family-run businesses. While we understand the need for a special fund to support commercial vessel operations in small boat harbors, we believe that increasing mooring fees from 3% to 5% of gross revenue represents a 60% increase in costs. Such an increase would place a significant financial burden on businesses that are already highly regulated and struggling to remain viable.

We also urge that, if this measure passes, the percentage of revenue from moorage fees deposited into the fund be increased from 40% to at least 75%. It is only fair that, if a special fund is established to support commercial small boat operations, the funds should directly benefit these businesses rather than being absorbed into general administrative expenses.

For these reasons we **OPPOSE HB649 HD1** and respectfully ask that it be deferred.

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-649-HD-1

Submitted on: 3/10/2025 4:34:25 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
peter o riordan	Individual	Oppose	Written Testimony Only

Comments:

Aloha ,

This bill puts a foot on the neck of not only commercial operators but also on fire survivors.

1) Unfair Increase on Gross Receipts: The proposed fee increase disproportionately impacts small businesses, many of whom are still recovering from economic hardships.

2) Impact on Local Jobs & Tourism: Higher costs will force operators to raise prices, which could reduce visitor demand and harm the industry. The numbers are already down for tourism year on.

3) Alternative Solutions Are Needed: DLNR has adequate funds but the state needs to streamline the procurement process to get the funds out and where they need to go.

thank you for your time

Peter o riordan

HB-649-HD-1

Submitted on: 3/10/2025 4:58:48 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Philip akeo	Individual	Oppose	Written Testimony Only

Comments: Dear Members of the committee, I am writing to express my strong opposition to House Bill 649, which proposes to establish the Small Boat Harbor Commercial Vessel Special Fund and increase moorage fees for commercial vessels. While the bill aims to generate revenue for harbor improvements, I believe it poses significant challenges that outweigh its intended benefits.

Economic Impact on Local Businesses Increasing moorage fees for commercial vessels could place a substantial financial burden on local businesses that rely on these harbors. Many small tour operators, fishing charters, and other maritime enterprises operate on thin margins. Elevated fees may force some to reduce operations or cease altogether, leading to job losses and diminished economic activity in our community.

Equity and Fairness Concerns The bill mandates that the additional revenue be used exclusively for improvements benefiting commercial vessels. This approach overlooks the needs of recreational boaters and the general public who also utilize and enjoy these harbors. Allocating funds in a manner that favors one group over others raises concerns about equity and the fair distribution of public resources.

Lack of Comprehensive Stakeholder Engagement It appears that the formulation of HB649 did not involve adequate consultation with all stakeholders, including recreational boaters, environmental groups, and local communities. This oversight may result in a narrow perspective that fails to address the diverse interests and concerns of those affected by the proposed changes.

Alternative Solutions Instead of increasing fees and creating a fund that benefits a specific group, I urge the legislature to consider more holistic approaches. These could include conducting thorough impact assessments, engaging in meaningful dialogue with all stakeholders, and exploring diversified funding mechanisms that distribute the financial responsibility more equitably.

In conclusion, while the intent to improve our small boat harbors is commendable, HB649, as currently drafted, presents several issues that could negatively impact our communities, economy, and environment. I respectfully urge you to reconsider this bill and explore more balanced solutions that address the needs of all harbor users. Thank you for considering my testimony. Sincerely, Philip Akeo

HB-649-HD-1

Submitted on: 3/10/2025 5:22:33 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brandon Chu	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair and members of the committee,

Please OPPOSE HB649.

I'm from Maui and work in the tourism industry and this would only put more hardship on our small business's trying to survive. This measure will only keep inflating prices on our community which has made sacrifices just to stay on island, trying to get by. There's plenty that has been mentioned in previous testimony on the reasons and I just want to speak on the message this sends to all of us on Maui working in the hospitality industry which is that every measure being taken is in opposition of what we need. Listen to our community members who are asking you to find another way which does not directly negatively impact our industry, cost of living, and hard working work force here on Maui.

Mahalo for your consideration.

HB-649-HD-1

Submitted on: 3/11/2025 9:09:43 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Carrie Kinkade	Individual	Oppose	Written Testimony Only

Comments:

COMMITTEE ON WATER AND LAND

DATE: Tuesday, March 11, 2025

TIME: 19:02 AM

Strongly Oppose HB649 Due to an Unspecified increase in Fees

Aloha Chair Inouye, Vice Chair Elephante, and committee members,

My name is Carrie Kinkade. It has been my honor to work in the Maui boating community for 26 years. I strongly oppose HB649 HD1 due to the unspecified percentage of gross revenue derived from the use of the vessel in the bill. The island of Maui is still suffering lack of tourism as a result of the fire, and any increases in costs/fees would put companies that have been here for decades out of business.

I do support the creation of a SBHCVSF (Small Boat Harbor Commercial Vessel Special Fund). I'm confident that harbor users would like to see ALL monies generated by Hawaii's Small Boat Harbors used for capital improvement programs.

However, this is definitely not the time to increase the cost of doing business for tourism-dependent businesses. They are already experiencing challenges due to Hawaii tourism's downturn, although Maui seems to be getting the brunt of it, with recent forecasts of domestic airline travel reduction as a result of the new federal administration, the future looks to be even more challenging.

Mahalo for your time and consideration.

Carrie Kinkade

ckinkademaui@gmail.com

HB-649-HD-1

Submitted on: 3/11/2025 9:15:44 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ashley Roussel	Individual	Oppose	Written Testimony Only

Comments:

Strongly Oppose HB 649 HD1 Due to an Unspecified Increase in Fees

Aloha Chair Inouye, Vice Chair Elefante, and Committee Members,

My name is Ashley with Sail Maui, a locally owned marine tourism company operating out of Hawaii's small boat harbors. I am writing in **strong opposition to HB 649 HD1** due to the unspecified increase in commercial fees and the lack of transparency in how harbor revenues are managed.

Unclear and Unspecified Fee Increases

This bill proposes a percentage-based increase in fees without clearly defining the amount or impact on small business operators. **Without specific figures, businesses like mine cannot accurately assess the financial burden this bill would place on us.** Unspecified fee hikes create uncertainty, making it difficult for operators to plan ahead, invest in improvements, and maintain stable pricing for guests.

Harbor Revenues Must Be Managed Transparently

I support the creation of a **Small Boat Harbor Commercial Vessel Special Fund (SBHCVSF)** to ensure that revenues generated by commercial vessel activity remain within the harbors for maintenance and improvement. However, **before any fee increases are considered, there must be transparency in financial management.**

For example, Lahaina Harbor generated **\$900,000 in 2022, representing a 52% return on revenue**—yet it remains closed. **Where is this money going?** Why are there unexplained costs, such as an extreme \$10,000 telephone expense? Before increasing fees on already struggling businesses, **the State must provide full financial accountability for each harbor, detailing revenues, expenditures, and surpluses.**

Small Businesses Are Already Struggling

Marine tourism businesses are already **facing a downturn in visitor spending and reduced airline travel forecasts.** The **cumulative burden of increasing taxes, fees, and operating costs**

is making it harder for small, locally owned tour operators to survive. We already pay significant costs to maintain safety, sustainability, and guest experience while **shouldering the operational expenses for ALL users of state facilities.**

If harbors are running at a loss, revenue increases **should be targeted specifically at those facilities**, not imposed broadly across the board, further burdening businesses in already-profitable harbors.

A More Balanced Approach is Needed

I encourage the legislature to:

- **Require transparent, harbor-specific financial reporting** before imposing any fee increases.
- **Ensure commercial vessel revenues remain in the harbors for maintenance and improvements** rather than being redirected elsewhere.
- **Avoid imposing additional financial burdens on small businesses** that are already struggling due to Hawaii's tourism downturn.

I urge the committee to **oppose HB 649 HD1** in its current form and instead seek solutions that promote financial accountability and fair, sustainable management of our harbors.

Mahalo for your time and consideration.

Sincerely,
Ashley Roussel

Sail Maui

HB-649-HD-1

Submitted on: 3/11/2025 9:25:25 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Alexis Akeo	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair and Members of the Committee,

I am submitting this testimony in strong opposition to HB649.

The proposed fee increases for commercial operators could not come at a worse time, particularly for those in Maui who are still grappling with major revenue losses following the recent wildfires. Many businesses are already operating on thin margins, and raising fees without ensuring timely harbor improvements places an unsustainable burden on operators.

While maintaining and improving small boat harbors is important, this bill fails to address key concerns:

1. **Accountability** – There are no clear assurances that the additional revenue from increased fees will be used effectively or that improvements will directly benefit the businesses paying these higher costs.
2. **No Consideration for Maui Operators** – Instead of imposing higher fees, the state should be focusing on providing aid to restore Lahaina’s boating infrastructure for both the Harbor and Ka’anapali permits to further increase the fees collected by the state.
3. **Revenue Growth Already Exists** – The current percentage-based fee structure means that as commercial operators succeed, the state inherently benefits. Increasing the fee from 3% to 5% does not guarantee more revenue. More specifically if Chapter 343 is applied and operators are forced to shut down, there will be no gross receipts to apply the percentage fee.
4. **Impact on Business Viability and Employees** – Commercial operators cannot simply absorb or pass on these costs to customers. Within the last few years we have passed on the county surcharge and the cost of inflation to customers. In addition the boating industry has experienced significant increases in insurance premiums. Higher fees pose a concern for the viability of businesses that are already burdened with the high cost to operate well maintained vessels and retain highly skilled personnel. These costs are vital to safely operate and comply to the various regulatory authorities in the State of Hawaii.

For these reasons, I urge the committee to reject HB649 and consider alternative measures that support local businesses rather than imposing additional financial hardships.

HB-649-HD-1

Submitted on: 3/11/2025 10:04:23 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Riley E. Coon	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Inouye, Vice Chair Elefante, and committee members,

My name is Riley Coon, and I am a third-generation Maui captain and co-owner of Trilogy Excursions, a locally-owned family business on Maui. I strongly **oppose HB649 HD1** due to the lack of clarity regarding the percentage of gross revenue that would be taken from vessel operations.

While I support the creation of a Small Boat Harbor Commercial Vessel Special Fund (SBHCVSF), I believe that all revenue generated by Hawaii's small boat harbors should be reinvested into capital improvement projects. However, increasing financial burdens on commercial boaters at this time is unreasonable and unsustainable.

Boating businesses already pay significant additional taxes beyond the newly increased General Excise Tax (GET). Just last year, the state implemented the Ocean Stewardship Tax, which alone has increased our company's tax burden by nearly \$100,000. In addition to these state-imposed taxes, our industry is facing rising insurance premiums, escalating fuel costs, and major operational expenses due to the loss of Lahaina Harbor. The costs of vessel rebuilding, maintenance, and safety compliance continue to grow, placing an immense strain on our ability to operate.

These increased costs don't just affect businesses—they hurt our local economy and middle-class families. Many of our captains and crew members are long-time Maui residents who are raising families, paying mortgages, and contributing to our community. Additional taxes will only weaken the financial stability of small family businesses like ours, which in turn threatens local jobs and livelihoods. This will negatively affect the regular pay raises and bonuses that our hard working staff rely on. This only adds to the tightening of the middle-class belt and drives more residents to feel forced to relocate away from our islands.

People say just charge the tourists more and "pass on" these taxes to the tourist- but we are already at the max if not higher than what the tourism industry pricing can bear, especially given the macro economic issues we as a country are facing. Plus, many of our guests and patrons are local people and schools, and they don't want to be charged more tax.

I urge you to consider the already challenging business conditions facing Hawaii's commercial boaters. Further increasing the cost of doing business will only make it harder for us to sustain our operations and support our employees.

Mahalo for your time and consideration.

Capt. Riley E Coon.

Trilogy Excursions, Maui.

HB-649-HD-1

Submitted on: 3/11/2025 1:05:54 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Monique L LeBlanc	Individual	Oppose	Written Testimony Only

Comments:

I strongly opposes HB649 HD1 due to the unspecified percentage of gross revenue from the vessel's activity.

I support establishing an SBHCVSF (Small Boat Harbor Commercial Vessel Special Fund). We want to see ALL monies generated by Hawaii's Small Boat Harbors' commercial activities used for daily operations and capital improvement programs for that specific facility. Even though these harbors are shared with recreational boaters, this would clearly show the sustainability of harbors and boat ramps. Commercial activity should and could carry the recreational aspect. They should balance each other.

If a facility is operating financially in the red, revenues for those facilities should be increased to support that specific facility or closed if not holding its own.

There is a lack of data regarding harbor-by-harbor financials. Since the fires, I have been requesting a more recent P&L for Lahaina Harbor. I received a 2022 P&L from Juergen Gross, State of Hawaii Administrative Officer,(image).

Lahaina Harbor made \$900,000 in 2022, representing a 52% return on revenue for 2022. In 2023, before the fire, revenue increased. The extreme \$10K telephone expense (\$854.70 a month) has not been explained. Yet, with all this, Lahaina Harbor remains closed.

The financial structure of small boat harbors needs to be modified for clarity and auditing purposes. It should not include increasing business costs for these tourism-dependent businesses, which already shoulder everything for ALL USERS of State Facilities.

These businesses are already experiencing challenges due to Hawaii tourism's downturn. The future looks even more challenging with recent forecasts of domestic airline travel reduction due to the new U.S. (MAGA) administration (Delta's recent announcement).

Mahalo, thank you for your time, consideration, and opportunity to testify.

HB-649-HD-1

Submitted on: 3/11/2025 3:44:33 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Toni Colombo	Individual	Oppose	Written Testimony Only

Comments:

Strongly Oppose HB649 Due to an Unspecified increase in Fees

Aloha Chair Inouye, Vice Chair Elephante and committee members,

My name is Toni. It has been my honor to work in the Hawaii boating community for 10 years. I strongly oppose HB649 HD1 due to the unspecified percentage of gross revenue derived from the use of the vessel in the bill.

I do support the establishment of a SBHCVSF (Small Boat Harbor Commercial Vessel Special Fund). We harbor users would like to see ALL monies generated by Hawaii's Small Boat Harbors used for capital improvement programs.

However, this is not the time to increase the cost of doing business for tourism-dependent businesses. They are already experiencing challenges due to Hawaii tourism's downturn, with recent forecasts of domestic airline travel reduction as a result of the new federal administration, the future looks to be even more challenging.

The \$1 OSUF fee was just implemented and we have yet to see the benefits of these additional fees to our community, our resources and operations that impact us.

We are just beginning to recover from the Lahaina wildfires and with the increase of overall cost to visit Hawaii, another fee will discourage the return of visitors- in addition the funds the 3% harbor fees already pay have yet to benefit us as boaters/community in Maui and Lahaina. We have asked many times where our fees/taxes are going and we have not been given that answer- before more money is asked for, the money already received needs to be accounted for.

Mahalo for your time and consideration.

Toni

HB-649-HD-1

Submitted on: 3/11/2025 7:45:35 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Shari Sicsko	Individual	Oppose	Written Testimony Only

Comments:

This increase is unfair to an already struggling economy. It will hurt small operators trying to survive. The fees are high enough as it is. I strongly oppose HB649.

HB-649-HD-1

Submitted on: 3/13/2025 6:01:30 AM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mike Kelley	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose passing HB649 HD1

As Maui continues to struggle and all of us living, working or in business on West Maui make our way through a much longer than expected recovery a raise for fees to us boating operators and/or passing it on to our diminished level of returning guests is poor timing at best. The rationale for this is the upkeep and improvements of small boat harbors. Thos boating operators still in existemnce in West Maui pay 3% of all gross revenue to the State of Haweaii "plus" as of 2025 now \$1.00 per passenger to DAR. These fees are paid and part of operating even though the remaining West Maui operators currently have no access to Lahaina Harbor and even when rebuilt will have little or no benefit as these boaters are not moored or part of Lahaina Harbor. With all of the personal and economic disasters we've had to face these past couple years I'd like to suggest defer this increase for at least a year and give Maui time to recover without new levels of taxation

Sincerely,

Michael T. Kelley



COMMITTEE ON WATER AND LAND

Senator Lorraine R. Inouye, Chair
Senator Brandon J.C. Elefante, Vice Chair

Subject: Testimony in **Strong OPPOSITION of HB649 HD1** – RELATING TO SMALL BOAT HARBORS.

Aloha Chair Sen Inouye, and Vice Chair Sen Elefante, and Members of the Committee,

I am Mendy Dant, President of Fair Wind Cruises and Kona Sunrise Charters, family-owned snorkel businesses in Kona since 1971, and I strongly oppose HB649 HD1.

This is not the time to burden our ocean tourism businesses with more fees. Tourism is down, supplies, fuel, and wages are all higher, and the last thing that the government should do is raise taxes and fees. Dr. Carl Bonham and HVCB were just reporting low projections for tourism with fewer air seats to Hawaii. Plus, the dollar is strong compared with several foreign currencies, including the euro, the Japanese yen, and the Canadian dollar. And President Trump's tariff threat is only making it stronger. For travelers, the exchange rate bonus makes trips abroad extra appealing. The tourism competition is made more challenging with these issues that are out of our control; we can not survive higher government fees while we have fewer customers on tighter budgets.

We run our businesses as stewards of our environment, and with already thin profit margins most operators are facing, any further increase in fees could jeopardize the financial viability of many small businesses across the state. This could result in layoffs, reduced services, and even closures, which would have a ripple effect, hurting local economies. Hawai'i relies heavily on tourism and small businesses to fuel its economy, and placing further financial strain on these operators would undermine the very foundation of our economy. These businesses employ local residents, support local suppliers, and contribute to the vibrancy of our economy. An increase in fees would impact not just operators but their employees, families, and the broader community.

Additionally, the real challenge lies in the bureaucratic process that makes accessing the special fund for harbor repairs and upkeep difficult and costly. Streamlining this process could be a more effective way to address the issue without placing additional financial burdens on already struggling businesses.

Please vote NO on HB649 HD1. Thank you for the opportunity to testify on this bill.

Sincerely,
Mendy Dant
President
Fair Wind Cruises
Kona Sunrise Charters
Keauhou Bay, Kona, Hawaii

LATE

HB-649-HD-1

Submitted on: 3/13/2025 7:40:38 PM

Testimony for WTL on 3/14/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ginger Lucy	Individual	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB649

Aloha,

I am writing to strongly oppose **HB649**, as it unfairly burdens small businesses, threatens local jobs and tourism, and fails to address the root issues within state funding allocation.

- **Unfair Increase on Gross Receipts:** This proposed fee increase disproportionately impacts small businesses, many of which are still recovering from economic hardships. Additional financial strain could push many operators to the brink, reducing competition and harming local economies.
- **Impact on Local Jobs & Tourism:** Higher costs will inevitably force businesses to raise prices, making Hawai'i a more expensive destination and potentially driving visitors elsewhere. This will lead to reduced demand, job losses, and economic downturns in one of our state's most vital industries.
- **Alternative Solutions Are Needed:** The Department of Land and Natural Resources (DLNR) already has sufficient funds; however, inefficiencies in the procurement process prevent those funds from reaching their intended purposes. Rather than imposing unnecessary financial burdens on businesses and consumers, the state should focus on streamlining funding distribution and ensuring proper fiscal management.

HB649 does more harm than good. I urge you to **reject this bill** and seek solutions that support local businesses, protect jobs, and sustain tourism without unnecessary financial penalties.

Mahalo for your time and consideration.

Ginger Lucy

Sincerely,