

TESTIMONY OF JEFFREY KRANTZ – 3/9/2009

I would like to open with this current event that shows the need for passage of HB1310

By CHRISTOPHER S. RUGABER  
AP Economics Writer

WASHINGTON (AP) — New jobless claims rose more than expected last week and the number of Americans continuing to receive unemployment benefits has topped 5.1 million, fresh evidence the recession is increasingly forcing employers to shed jobs.

All told, it points to more dismal news for an economy stuck in a negative cycle, where consumers scale back purchases as jobs vanish, home prices drop and stock portfolios shrink. Those factors fuel more job cuts by profit-starved businesses.

Nigel Gault, chief U.S. economist at the IHS Global Insight consulting firm, said: "We have been looking for signs that the economy's rate of decline might be slowing, but can't find any."

The labor market has deteriorated rapidly in recent months. Employers cut a net total of nearly 600,000 jobs in January, the highest monthly tally since 1974, sending the unemployment rate to 7.6 percent. Many economists expect the rate to reach 9 percent by the end of this year, even with the passage of President Barack Obama's \$787 billion stimulus package.

There is clearly much to be worried about. Most of America's private retirement 401(k) accounts have significantly decreased in value since last autumn's crash. Home equity has plunged. The unemployment rate is above 7 percent and climbing.

We had negative GDP growth last quarter. Stock prices are the lowest in 10 years. Almost daily some company announces layoffs. Some big banks may be nationalized. The American auto industry will not survive as we have known it for nearly a century.

Abroad, the news is worse. European banks have lost trillions of euros in bad loans to Eastern Europe and Asia. Countries like Iceland, Ireland and Greece are teetering on insolvency. China's export industries may have to lay off millions of workers.

are we in a depression that justifies a vast redefinition of government and a massive takeover of the private sector?

The economy contracted at a staggering 6.2 percent pace at the end of 2008, the worst showing in a quarter-century, as consumers and businesses ratcheted back spending, plunging the country deeper into recession.

Right now we're in the period of maximum recession stress, where the big cuts are being made," said economist Ken Mayland, president of ClearView Economics.

The nation's unemployment rate is now at 7.6 percent, the highest in more than 16 years. The Federal Reserve expects the jobless rate to rise to close to 9 percent this year, and probably remain above normal levels of around 5 percent into 2011.

A smaller decline in the economy is expected for the second quarter of this year. But the new GDP figure — like the old one — marked the weakest quarterly showing since an annualized drop of 6.4 percent in the first quarter of 1982, when the country was suffering through an intense recession.

"It's going to be a challenging 2009," Scott Davis, chief executive officer of global shipping giant UPS, said Thursday while speaking to the U.S. Chamber of Commerce in Washington.

Fed Chairman Ben Bernanke earlier this week told Congress that the economy is suffering a "severe contraction" and is likely to keep shrinking in the first six months of this year. But he planted a seed of hope that the recession might end his year if the government managed to prop up the shaky banking system.

Even in the best-case scenario that the recession ends this year and an economic recovery happens next year, unemployment is likely to keep rising.

Hawai'i visitor arrivals fell in January for the 11th consecutive month and spending was down nearly \$150 million as the nation's deepening economic slump caused anxious consumers to postpone or cancel their vacation plans.

Hawaii tourists down 12.5%, spending drops by \$149.7 million

#### **Budget cuts may close 5 parks Saturday Jan 24, 2009**

Visitors to eight popular state parks may also have to pay nominal entry fees, DLNR Chairwoman Laura H. Thielen said. The possible cuts to the state parks and recreation budget come as state lawma...

PETER BOYLAN

#### **Banana Republic closing in Waikiki Wednesday Jan 14, 2009**

Banana Republic plans to close its largest store in Hawai'i this month - its flagship property in Waikiki that becomes another casualty of the deepening economic slowdown that has been particu...

Steve & Barry's, like KB Toys, closing down

#### **Closing HawTelcom 'is not a viable option' Friday Jan 9, 2009**

The head of the state Public Utilities Commission said liquidating Hawaiian Telcom Inc. would be devastating to Hawai'i's already weak economy. Speaking at a hearing before U.S. Bankrupt...

RICK DAYSOG

I am in favor of HB 1310

I WOULD LIKE TO EXTEND MY GREAT APRECIATION FOR PROVIDING THE OPPORTUNITY TO SPEAK HERE TODAY.

There are some things that you should know about the parasailing and thrill craft companies to get a better understanding of the size and scope of their operation, and the economic impact they are feeling.

1. Jet ski/ thrill craft operators are only allowed to operate 6 units at one time and must remain in areas designated by the DNLR . This was supported by a study from the Atoni Association addressing environmental impacts and user conflicts.

2. Parasailing companies are only allowed to operate one boat per permit and must also remain in certain areas designated by DLNR.

These two limitations inhibit the companies from expanding and serve to limit the activity so all users can enjoy the water without conflict.

There has been a notion that these companies are a threat to the environment and/or the public. This could not be further from the truth. In fact, these companies are providing a vital service to the community and contribute substantial funds to maintain the areas for public uses.

The statute should promote uniformity. We are all sensitive to the community and believe that the people all around the Island deserve the same availability to the water. I propose a compromise for the community that thrill craft be closed on saterdays and Sundays on Oahu. This would provide a fairness of competitions and allow the public to have a day of their own.

them. The state has built in safeguards to ensure operator safety. If you have too many accidents, the State can suspend or revoke your permit. This is agreeable as all tourism operations have this sentiment.

It does not make any sense to want an inexperienced operator who has financial resources to start fresh operations and exposure our visitors to possible accidents because of operator inexperience. It would seem that a statute that encourages this is putting our unsuspecting visitors in the path of potential harm.

Key Question to ask

1. Ask DNLR to explain why we are subjected to this law and whethert is fair in comparison to the other commercial permits they issue.

2. Ask DNLR why thrill craft have different operating days among the different bays.

3. Ask if the level of commercial activity has increased in Mauanalua Bay.

4. Ask if they have the resources to man a full time lifesaving team.

1. HB 1310 - AS ALREADY AMENDED seeks to open the bay to additional activity on SATURDAYS ONLY. This was a compromise offered by the committee and it is how the bill is currently proceeding.

Did you know that in the 1980's there were over 40 commercial jet skis and 5-7 parasail boats operating at any one time without any area restrictions? Mauanalua Bay is not heavily used by intense commercial activities. These are 12 jet skis and 2 parasail boats - a 40% reduction from the 1980s.

Did you know that the accident with the jet ski everyone was referring to involved a PRIVATELY operated jetski and a kayaker:

Did you know that NOW we have 2 operators with a total of 12 jet skis CONFINED TO A 300 foot area? Parasailing operates outside the number one marker, in a DESIGNATED AREA past any of these areas. This was designed by the state to prevent user conflicts. We, not privately owned jetski, kayaks, paddle boards, etc, are CONFINED to an operating area.

Did you know that locals call and ask to come jet skiing on weekends daily. They ask for the experience as they have never operated a jet ski. What is safer a controlled, confined environment or a novice skier operating recklessly without any oversight? These are our locals, our citizens, our friends and family.

Did you know that highly trained (US Coast Guard licensed captains) are on these vessels and actually promote safety. Daily these operators help people in distress. These are our locals, our citizens, our friends our family. We have saved numerous lives. We are good stewards of this resource.

Did you know these operators live in the community, employ people who work in the community, bring visitors who spend dollars in the community. These operators bring most of these visitors in to the community in vans and return them in vans- reducing traffic.

Did you know the emissions on the jet skis are lower than EPA (Environmental Protection Agency) standards. We would fully support enforcement of similar standards on recreational boaters who are greater in numbers.

A news report I read regarding the bay says "all the development in the surrounding area has caused Maunalua Bay to deteriorate." It continues "Freshwater alone harms marine life. When you add pollutants like gasoline and pesticides, it becomes a toxic mix. Right now, runoff is channeled so that it comes ruing down all at once at high speeds, carrying dirt and trash into the bay." Have you ever seen the brown water after a rain??? That is not a jet ski issue.

There is so much misinformation being circulated. We will hold our elected officials responsible to be prudent investigators and to avoid adversarial encounters based on incomplete information. We need your help to represent all the issues and information.

## **Chairman Jon Riki Karamatsu – Attachment of introduction and previously submitted testimony**

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RE: HB 1310

Dear Chairman Karamatsu,

The statute currently in effect tells a thrill craft or parasailing permit holder that after 20 years of capitalizing a business and investing time, the State of Hawaii DNLR will rescind your permit and auction it to the highest bidder. This only applies if you have a thrill craft or parasailing permit.

This Statute does not apply to sail boat charters, submarines, deep sea fishing, water skiing, surfing schools, Snuba tours, snorkel tours, kayaks or many other businesses that need a state issued commercial operating permit. It exclusively singles out jet skiing and parasailing permits and announces to the holder that after 20 years, the State of Hawaii will take your permit without cause or due process. It is unfavorable towards safe operation and puts companies in fear of financial jeopardy. These operations take enormous capital infusion to start and maintain. We find ourselves subject to short term lending and unfair lease negotiations.

There are several commercial water related activities that are not required to have a permit from DNLR and more reasons that this is not acceptable and I would like to point out just a few.

1. We are the only use permits with an expiration term that are issued by the DNLR (certainly a discrimination issue). There are no limits on other water uses such as diving, submarines, beach catamaran, beach stand rentals, submarines, etc.
2. We are providing a popular attraction to the tourism industry and support the local economy by employing trained personnel .
3. Financing of on going operations becomes unfavorable and may result in degrading of operations trying to get their money out of something that they will no longer own.
3. The current operators safety record is unmatched, and a turn over could result in accidents and negative exposure for Hawaii.
4. Continued operations from existing operators provide the state with guaranteed revenue, (a

stability greatly needed as they face budget

Jeff Krantz

Seabreeze Parasailing

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