Honolulu, Hawaii

## March 18

2014

RE: S.B. No. 2877

S.D. 1 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred S.B. No. 2877, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO USE PERMITS FOR SMALL BOAT HARBOR FACILITIES,"

begs leave to report as follows:

The purpose of this measure is to clarify that no use permit issued to a corporation or other business entity for a state small boat harbor facility may be transferred unless specifically provided by law. This measure also exempts transfers of stock or interest in a corporation or other business entity between immediate family members solely for the purpose of estate planning purposes from paying the passenger-carrying capacity business transfer fee to the Department of Land and Natural Resources.

The Department of Land and Natural Resources provided testimony in support of this measure. The Ocean Tourism Coalition provided comments.

Your Committee has amended this measure by:

- (1) Deleting the definition of the term "control" and inserting and defining the term "controlled group";
- (2) Specifying that a person who is part of a controlled group possessing a valid commercial permit may transfer

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stock or other interest to another person without terminating the right of the corporation or business entity to retain or renew its commercial permit if the transferee retains 80 percent control of the transferor;

- (3) Exempting transfers of stock or interest in a corporation between spouses or first-generation lineal descendants from paying a passenger-carrying capacity business transfer fee to the Department of Land and Natural Resources rather than simply exempting immediate family members;
- (4) Changing its effective date to July 1, 2112, for the purpose of facilitating further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2877, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Water & Land,

CINDY EVANS,

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## Record of Votes of the Committee on Water & Land

	e Referral:	Date: 3/14/14		
☐ The committee is reconsidering its previous decision on the measure				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
WAL Members	Ayes	Ayes (WR)	Nays	Excused
1. EVANS, Cindy (C)	V			
2. LOWEN, Nicole E. (VC)	V			
3. CULLEN, Ty J.K.	V			
4. HANOHANO, Faye P.				
5. KAWAKAMI, Derek S.K.	i /	:		
6. LEE, Chris	<b>V</b>			
7. SAY, Calvin K.Y.	V			
8. NISHIMOTO, Scott Y.	V			
9. FALE, Richard Lee				
10. THIELEN, Cynthia				
TOTAL (10)	8	Z		
The recommendation is:    Madopted   Not Adopted				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				