



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Ways and Means
Tuesday, April 4, 2023
10:30 a.m.
Conference Room 211**

**On the following measure:
H.B. 714, H.D. 1, RELATING TO MOORING LINES**

WRITTEN TESTIMONY ONLY

Chair Dela Cruz and Members of the Committee:

My name is Dean Nishina, and I am the Acting Executive Director for the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to: (1) require that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company; and (2) define "stevedoring company".

While it appears that the intent of this bill is to promote the services of local stevedore companies, given the wide breath of the language, the implementation of the bill may significantly impact the operational costs of companies and utilities that are regulated by the Public Utilities Commission (Commission), which in turn would increase the rates that customers are charged for transporting goods and utility services, such as the rates for power (i.e., electricity and gas), throughout the islands.

For instance, the ability for residents and businesses to move goods between the islands at affordable rates is critical to our neighbor island communities' economic well-being as they are very much reliant on the interisland cargo services that water common carriers provide. According to Young Brother's (YB), the local water carrier that transports goods throughout the island by tug and barge, enactment of this bill would require the company to change its operations and hire "additional" labor from a stevedore company to perform its essential services. Increases in its operational cost will result in increased shipping cost for its customers, negatively impacting customers that rely on YB's services and the public at large.

In addition, fuel products are transported throughout the islands by water carriers that require the services of tugs and barges. If this bill is enacted, this will increase the transportation costs of fuel throughout the islands and utility costs for customers of the Hawaiian Electric companies and Hawaii Gas. Smaller communities such as those that live on the island of Molokai are expected to be profoundly impacted. Through correspondence with Hawaiian Electric, we learned that the direct impact of this bill could increase the cost of electricity for those on Molokai by an estimated \$3.92 per month. While those living on Hawaii island and Maui could be less impacted, the estimated monthly bill increase is \$0.50 for Hawaii island and \$0.26 for Maui.

Given the negative impacts that this bill could have on our neighbor island communities, the Department recommends that this bill be deferred. However, if this Committee prefers to move this bill forward, the Department recommends that the services and the products utilized by entities regulated by the Commission under Chapters 269 and 271G, Hawaii Revised Statutes, be exempted from the requirements of this bill.

Thank you for the opportunity to testify on this bill.

Island Plastic Bags

TO: Chair Donovan M. Dela Cruz; Vice Chair Gilbert S.C. Keith-Agaran; and Committee

FROM: Adrian Hong, President of Island Plastic Bags, Inc.

RE: HB 714 HD1 RELATING TO MOORING LINES

POSITION: OPPOSE

Thank you for the opportunity to submit testimony in opposition to HB 714 HD1. My name is Adrian Hong and I am the president of Island Plastic Bags Inc. (IPB), a second-generation, family business in Halawa Valley that manufactures plastic trash liners and recycles plastic scraps. IPB opposes this bill as it would delay our raw material shipments and add additional costs that would have to be passed onto our customers (hospitals, nursing homes, restaurants, hotels, etc.).

Thank you for the opportunity to provide testimony in opposition to HB 714 HD1. Should you have any questions or comments about my testimony you can contact me by email at ahong@islandplasticbags.com or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA

President

Island Plastic Bags, Inc.

www.islandplasticbags.com

Email: ahong@islandplasticbags.com | Phone: 808-484-4046 | Fax: 808-488-8505



**COMMENTS TO HOUSE BILL 714 HD1
RELATING TO MOORING LINES**

Senate Committee on Ways and Means
The Honorable Donovan Dela Cruz, Chair
The Honorable Gilbert Keith-Agaran, Vice Chair
State Capitol
415 South Beretania Street

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

Island Energy Services, LLC (“IES”) offers the following comments and suggested amendments to avoid the unintended increase costs of adopting HB714 HD1, which requires the securing of mooring lines for tug assisted vessels to be manned by an existing, operational stevedoring company operating within the State.

IES contracts Sause Bros. to transport its shipments of petroleum fuel from Honolulu to Neighbor Island customers. IES alone has approximately seven hundred tug assisted barge arrivals and departures occur annually to supply this critical commodity of fuel to power various energy dependent businesses and residence alike.

Sause Bros. utilizes a tugboat to tow a fuel barge from the stern of the tugboat with high strength steel cables. IES in consultation with Sause Bros. has determined this method is most appropriate to ensure safe and incident free operations while navigating Hawaii's small, narrow, and highly congested harbors. By contrast, articulated tug barges (ATB) use a system that pushes the fuel barge with the bow of the tugboat attached to the stern of the barge via an articulating joint or pin. IES believes this method presents additional challenges when maneuvering and docking at Hawaii's narrow and congested harbors. With this distinction, IES offers the following proposed amendment to HB714 HD1 along with a definition for articulated tug barges (ATB):

For the purposes of maintaining safe barge movements and docking, articulated tug barges (ATB) shall be required to utilize a locally certified and properly trained stevedoring company to handle docking and shoreside mooring lines.

“Articulated Tug Barges” means the cargo barge of an articulated tug barge unit for transportation of commodities and manifested cargo, where the tug connects to the barge stern by a mechanical connection system. “Articulated Tug Barges” includes mechanically connected integrated tug barge units, but does not include barges connected to a towing tug primarily by towing wires or hawsers.”

IES has not experienced any safety or other operational incidents that would warrant the need for additional marine operations proposed by this measure. The requirements proposed by HB714 HD1 will, however, add significant cost to the existing barge operations with no appreciable benefit to existing tug assisted operations. The increased cost incurred by IES, as well as all companies transporting commodities and manifested cargo via tug assisted barges utilizing State owned and controlled facilities will result in higher costs for local goods and services for Hawaii residents. Neighbor Island consumers in particular will likely bear a disproportionate amount of the increased cost due to the double handling of commodities like fuel originating from facilities located on Oahu.

Furthermore, the current fuel barging operations and port call schedules are complex and designed to be efficient and optimal to reduce unnecessary logistical costs. Adding the additional layer of services by a third-party proposed by HB714 HD1 will undoubtedly increase the likelihood of scheduling and other logistical delays not experienced by IES' existing operations. Other unintended consequences could result in increased operational risks, which could result in fuel shortages and runouts on the Neighbor Islands.

We thank the Senate Ways and Means Committee for this opportunity to share our concerns and suggested amendments to this measure.

Albert D.K. Chee, Jr.
Vice President
Island Energy Services, LLC



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Tuesday, April 4, 2023, at 10:30 A.M.
Conference Room 211 & Videoconference**

RE: HB714 HD1 Relating to Mooring Lines

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **has serious concerns** regarding **HB 714 HD1**, which requires that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company. Defines "stevedoring company".

If enacted, we believe this bill would have negative consequences for the maritime industry in Hawaii. Mandating the use of a specific stevedoring company would limit competition and potentially drive-up costs for businesses in the industry. This could lead to a decrease in business and ultimately harm the economy.

There are concerns about the practicality of this proposed requirement. There are a limited number of existing, operational stevedoring companies operating within the State, and mandating that vessels use one of these companies could create logistical challenges and delays for both the vessels and the stevedoring companies. This could lead to increased costs for businesses, as they would need to allocate more resources to navigate these challenges.

If this bill passes, it would lead to widespread issues in our energy supply chain and ultimately increase costs for businesses, which would then lead to increased costs to the consumers in Hawaii. It could also lead to a shortage of a wide range of goods that are vitally important to our economy and are transported across all neighbor islands.

For the above concerns and unintended consequences of this bill, **we ask this committee to defer HB 714 HD1**

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.

Thank you for the opportunity to testify.



April 4, 2023

TO: HONORABLE DONOVAN M. DELA CRUZ, CHAIR, HONORABLE GILBERT S.C. KEITH-AGARAN, VICE CHAIR, COMMITTEE ON WAYS AND MEANS

SUBJECT: **OPPOSITION TO H.B. 714 HD1, RELATING TO MOORING LINES.**
Requires that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company. Defines "stevedoring company". Effective 6/30/3000.

HEARING

DATE: Tuesday, April 4, 2023
TIME: 10:30 a.m.
PLACE: Capitol Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA is in **opposition** to H.B. 714 HD1, which requires that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company. Defines "stevedoring company".

GCA understands the intent of this measure, but is concerned that this measure will not only increase the cost of construction and housing in the State, but the overall cost of living as well. The State is currently facing an affordable housing crisis, "brain drain"/population decline, and has the highest cost of living. Construction costs were already affected by the pandemic as we saw increased costs of materials due to global supply-chain issues.

This measure will increase the costs for fuel, electricity, material supplies, and concrete. Our member, Hawaiian Cement, estimates a 2.5-3.86% increase on concrete for the neighbor islands if this measure passes. These costs do not include additional added costs associated with detention, travel, and standby time. This is on top of an increase of 19-29% that occurred this year due to supply chain and material supply increases for cement.

Thank you for the opportunity to testify in opposition to this measure.



**Testimony to
The Committee on Ways and Means**

**Tuesday, April 4, 2023
10:30 AM
Conference Room 211 & VIA videoconference
Hawaii State Capitol**

HB 714 HD1

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

Hawaii Gas offers comments on HB 714 HD1, which requires that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company. Defines “stevedoring company”.

Established in 1904, Hawaii Gas serves over 70,000 customers on all islands through its pipeline and delivery services, all of whom depend on the company for sustainable, reliable, and affordable gas for water heating, cooking, drying, and other commercial and industrial applications. The company employs some 350 professionals, over 75% of whom are members of the Teamsters Union.

Hawaii Gas has concerns that this bill would create additional costs to our customers. Hawaii Gas has used Sause Brothers for over twenty years to perform towing services to Hawaii Gas for delivery of critical fuel that provides reliable and critical resilient energy to our customers. For decades now, the same tug and barge crews have secured these vessels at the dock. The crew are qualified, trained, and licensed to carry out these duties, and part of a collective bargaining unit.

The current fuel barging operations and port call schedules are complex and designed to be efficient and optimal to reduce unnecessary logistical costs. Adding the additional layer of services by a third-party proposed by HB714 HD1 could increase the likelihood of scheduling and other logistical delays not experienced by existing operations which is critical in preparing and responding to natural disaster events.

This bill, limiting the securing of mooring lines to be performed by a “stevedoring company” adds additional cost increases to our customers at a time when most are affected by the high cost of living.

We thank the Senate Ways and Means Committee for this opportunity to share our concerns.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE
ON
WAYS AND MEANS**

HB 714, HD1

Relating to Mooring Lines

Tuesday, April 4, 2023

10:30 am., Agenda Item #8

State Capitol, Conference Room 211 & Video Conference

Chair Dela Cruz, Vice Chair Keith Agaran, and Members of the Committee,

Hawaiian Electric is writing to provide comments on the consequences related to HB 714, HD 1, Relating to Mooring Lines.

For decades, fuel for the neighbor islands has efficiently and safely moved between the islands by barges staffed with highly trained crews. HB 714, HD1 would impose a requirement to use local stevedore labor to secure vessels to the dock. The Company's contracted fuel barging companies past and present employ union mariners who are licensed, highly trained, and have the greatest level of expertise in handling towline barges.

Hawaiian Electric is concerned about requiring third-party line handlers who are not familiar with the unique challenges of maritime operations or the specialized equipment on these barges. Scheduling barges in Hawaii's congested harbors is already a difficult task due to the large number of arrivals and departures and can change without notice due to weather or resupply requirements. Adding the task of scheduling stevedore line handlers based on their availability in conjunction with dynamic resupply schedules and weather events will be extremely challenging and risks energy security.

The current process has a proven track record for both safety and energy security. Since the union mariners that currently handle the lines are part of the crew, they are always available to secure or release the mooring lines for any reason at any time. This is extremely useful if the barge needs to shift piers, change schedule, or suddenly adjust arrivals or departures due to adverse weather. If this bill passes, Hawaiian Electric is concerned about having to suddenly schedule stevedores in the event of a hurricane, tsunami, or other unknown emergency.

In addition to the reasons above, there will also be a cost impact to rate payers on the neighbor islands. The estimated monthly bill increase related to this bill is \$3.92 per month for Moloka'i, \$0.50 per month for Hawai'i Island, and \$0.26 per month for Maui. This estimate does not include costs such as detention, standby, or travel. This estimate may be a minimal cost impact to consumers on utility bills, however, it does not include the compounded costs resulting from the ripple effect of this bill. For example, if HB 714, HD1 is enacted, the fuel pump price on the neighbor islands will increase, which will increase the cost for trucking the Company's fuel to the generating stations, which will further increase electric rates.

Thank you for this opportunity to comment regarding the consequences related to HB 714, HD1.



Par Hawaii

April 4, 2023

**TESTIMONY IN OPPOSITION TO HB 714, HD1
RELATING TO MOORING LINES**

Senate Committee on Ways and Means
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, April 4, 2023, 10:30 am
VIA VIDEOCONFERENCE
Conference Room 211
State Capitol
415 South Beretania Street

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

Thank you for the opportunity to provide testimony in opposition to HB 714, HD1, Relating to Mooring Lines.

Par Hawaii is critical infrastructure defined by the Cybersecurity & Infrastructure Security Agency (CISA) in providing energy security for our State. HB 714, HD1, if enacted, **will increase the risk of a supply disruption to the Neighbor-Islands and will lead to higher fuel and energy costs.**

To visualize, to transport fuel (e.g. gasoline, diesel, jet fuel) to the Neighbor-Islands, our company charters a unionized tug and barge crew on a long-term basis through Sause Brothers. We load fuel products from our refinery at Barbers Point Harbor approximately every three days and transit to Kauai, Hawaii Island or Maui. We generally visit each island at least once every ten days, which would equate to over 300 harbor visits a year. It's a demanding schedule that requires our barge to be on the move essentially all of the time and in coordination with all harbors. There is very little downtime to meeting Hawaii's energy needs.

For decades now, our unionized tug and barge crews have safely secured these vessels at the dock. The union crew are qualified, trained, and licensed to carry out these duties and, to our knowledge, there has never been a safety incident related to securing lines to the dock. It's also worth noting that the Sause Brothers tug crews are union members.

Because our barge does not have scheduled downtime, the schedule changes frequently (can be multiple times per week) as a result of inclement weather conditions or because of loading or discharge operations. If we were required to use a stevedoring company to tie up the tug and barge, Neighbor-Island energy resupply would become subject to the schedule and availability of stevedoring personnel, on top of the foregoing scheduling demands to transport fuel with our unionized crew. This will lead to delays in resupply and would meaningfully increase the risk of fuel runouts on the Neighbor Islands.

Furthermore, the additional cost to contract with stevedoring companies would be passed on to customers, particularly Neighbor Island consumers.

Par Hawaii would not be the only party impacted by this legislation. Other energy companies, including Hawaiian Electric, Hawaii Gas, Aloha Petroleum and Island Energy Services all charter tugs and barges would be subject to these new requirements.

Additionally, non-energy companies such as Hawaiian Cement, American Marine Corporation and Aloha Marine Lines would also be impacted. These increase costs would cause a ripple effect for a broad range of goods in construction aggregate, building material and supplies and other essential commodities to our Neighbor Islands, ultimately creating financial burden on families and businesses.

In a March 14, 2023 hearing before the Senate Committee on Transportation and Culture and the Arts, testimony by the Public Utilities Commission, Chair Leodoloff R. Asuncion, Jr. is quoted, in part, that:

“...to also retain additional services via a separate union labor contract above and beyond its current union labor contract, resulting in increased costs for that water carrier which could then ultimately be passed on to ratepayers or customers.”

For the foregoing concerns and unintended consequences, we urge the committee’s deferral of HB 714, HD1.

Thank you for allowing us to share our concerns.

Mahalo,

Eric Wright
President
Par Hawaii

April 3, 2023

**TESTIMONY PROVIDING COMMENTS TO HOUSE BILL 714, HD1
RELATING TO MOORING LINES**

House Committee on Ways and Means
The Honorable Donovan Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, April 4, 2023, 10:30 am
VIA VIDEOCONFERENCE
Conference Room 211
State Capitol
415 South Beretania Street

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

Thank you for the opportunity to provide testimony concerning of HB 714 HD1, Relating to Mooring Lines. IN its current language American Marine Corporation is in Opposition of HB 714 HD1. American Marine Corporation (“AMC”) is a Hawaii based corporation and a leading marine transportation operator in the state. AMC operates 6 tugs and barges in Hawaii. AMC has been in business in the State of Hawaii for over forty-five (45) years.

AMC has one of the top safety records in the maritime industry because of the company’s comprehensive Safety Management System (“SMS”). AMC’s SMS is continuously audited by the United States Coast Guard, its customers, and various maritime technical class societies. AMC has been securing our tugs & barges to the docks throughout the State of Hawaii for over four (4) decades without a safety incident.

AMC’s tugs and barges are part of the critical state infrastructure that resupplies the Neighbor Islands. AMC regularly transports cement and aggregate that are critical to the Neighbor Island construction industry. In addition, AMC regularly transports other general cargo to the Neighbor Islands on chartered barges. AMC tows the Hawaiian Cement barge “Punapau” and makes regular chartered barge deliveries to the Neighbor Islands, particularly Lanai.

For over four (4) decades, AMC’s union represented tug and barge crews have secured our vessels and our customers vessels safely at the dock. The crews are qualified, trained, and licensed to carry out these duties safely.

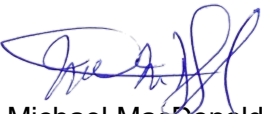
AMC's barge does not have scheduled downtime and our schedule changes frequently as a result of inclement weather conditions or because of delays in loading or discharge operations. Many times these changes are last minute.

Any delays in resupply and would cause delays in construction projects, particularly on the Neighbor Islands.

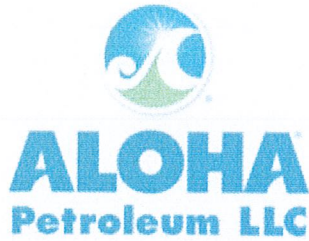
The financial impact of this legislation without the proposed amendments would be significant disproportionately affecting Neighbor Island residents as it would affect the costs and availability of a diverse range of goods that are essential to the State of Hawaii. These goods are transported throughout all the islands by AMC and other critical members of Hawaii's maritime supply chain.

We are in opposition of HB 714 HD1. Thank you for allowing us to share our concerns.

Mahalo,

A handwritten signature in blue ink, appearing to read "Michael MacDonald", written over a faint, illegible background.

Michael MacDonald
Vice President Tug & Barge Operations - Hawaii
American Marine Corporation



ALOHA PETROLEUM LLC
1001 BISHOP STREET, SUITE 1300
HONOLULU, HAWAII 96813

April 3, 2023

**TESTIMONY PROVIDING COMMENTS TO HB 714 HD1
RELATING TO MOORING LINES**

Senate Committee on Ways and Means
The Honorable Donovan Dela Cruz, Chair
The Honorable Gilbert Keith-Agaran, Vice Chair

Tuesday, March 4, 2023 @ 10:30am HST
Conference Room 211 & Videoconference
State Capitol
415 South Beretania Street

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

Aloha Petroleum LLC (Aloha) is providing this additional testimony as follow-up to our prior written testimony in February.

Aloha is very concerned about the unintended consequences of the subject legislation, HB 714 HD1, that seeks to impose the requirement to use local stevedore labor for securing our barge to the Neighbor Island docks. This proposed legislation will provide both additional scheduling complexities and a critical additional dependency on the stevedore labor's availability. The inevitable result will be disruptions in delivery and transport schedules that could lead to fuel shortages on the Neighbor Islands, given how highly utilized our barge is, with little downtime. In addition, this proposed legislation will meaningfully increase our logistics costs, which will lead to higher prices for consumers.

Our barge operators are highly trained, qualified, and licensed to carry out their duties. We are unaware of any significant safety incident involving the securing of dock lines in Hawaii for the hundreds of deliveries made each year to the Neighbor Islands. Also, our barges are modern "ATB" units, with a higher safety profile than legacy "tow line" barges.

As we have not heard from the legislation's proponents any compelling rationale for this unnecessary legislation that will lead to higher costs to Hawaii's consumers and scheduling uncertainty for vital commodities within the Neighbor Islands, Aloha is perplexed by what is motivating the consideration of this legislation.

In addition to our and the other companies' testimonies, three government agencies (Attorney General, Department of Transportation, and Public Utilities Commission) have weighed in with testimony expressing comments, concerns, and objections with this legislation. Below is an excerpt from testimony by Public Utilities Commission Chair Leo Asuncion:

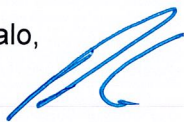
The Commission has concerns about the language provided in this measure. As currently drafted, the Commission believes an interpretation of this measure could force regulated water carriers (as defined under Hawaii Revised Statutes §271G-5) to also retain additional services via a separate union labor contract above and beyond its current union labor contract, resulting in increased costs for that water carrier which could then ultimately be passed on to ratepayers or customers.

Please understand that nothing in our opposition to HB 714 HD1 should be interpreted as reflecting any antipathy towards labor unions. In fact, all those currently handling lines on our chartered barges have been given the option to unionize, and Aloha utilizes union labor in some of our operating segments.

In closing, the effects of this legislation would be broad, impacting costs and potentially availability of a range of goods that are important to our economy and are transported across all islands.

We urge deferral of HB 714 HD1. Thank you for allowing us to share our concerns.

Mahalo,



Bob Hood, Vice President
Aloha Petroleum LLC



WRITTEN TESTIMONY ONLY

April 4, 2023

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

RE: House Bill 714, H.D. 1 – RELATING TO MOORING LINES
Hearing date: April 4, 2023, 10:30 a.m.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC (“YB”) offering comments on House Bill 714, H.D. 1 – Relating to Mooring Lines. The purpose of this measure is to require that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by an operational stevedoring company that is currently operating in the State.

YB is a common carrier by water, transporting property by tug and barge between the islands of O‘ahu, Hawai‘i, Kaua‘i, Maui, Moloka‘i, and Lāna‘i. YB supports its local stevedores as YB is currently the only water carrier authorized to transport property under Chapter 271G, Hawaii Revised Statutes (“HRS”) (i.e., the Hawaii Water Carrier Act), subject to the regulatory authority of the Public Utilities Commission of the State of Hawaii (“PUC”). Since 1900, customers across Hawaii have relied on YB’s frequent, regular, and universal sailings to serve as the bridge that connects all communities in this island-state. YB’s operations at all ports regularly require the securing of mooring lines from its barges to its piers. At present, this duty is assigned to and performed by existing YB staff in a safe, efficient, and cost-effective manner.

YB notes that, as proposed in this measure for 266-2(a), HRS, “stevedoring company” would mean “a company registered to do business in the State that is authorized to secure mooring lines from vessels to commercial docks, wharves, piers, quays, bulkheads, and landings and that provides services in the loading and offloading of manifested cargo.” (See H.B. 714, H.D. 1, p. 4, Ins. 13-17). YB clearly fits within this definition of “stevedoring company”, as currently drafted. Therefore, this measure, as drafted, should not directly impact YB’s operations or labor costs.

Thank you for your service to the State of Hawaii, and for the opportunity to testify on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs

Chris Martin
Director, Terminal Operations



SAUSE BROS.

499 N. NIMITZ HWY, PIER 21 • HONOLULU, HI 96817
TELEPHONE: (808) 521-5082 • WWW.SAUSE.COM

April 3, 2023

**TESTIMONY PROVIDING COMMENTS TO HOUSE BILL 714 HD1
RELATING TO MOORING LINES**

Senate Committee on Ways and Means
The Honorable Donovan Dela Cruz, Chair
The Honorable Gilbert Keith-Agaran, Vice Chair
State Capitol
415 South Beretania Street

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

Sause Bros. offers the following comments in regard to how HB714 HD1 will negatively impact operations throughout Hawaii.

For the last 57 years, Sause Bros. has maintained a local office and operations in Hawaii. Our union mariners are licensed, highly trained and have the greatest level of experience in the industry which is evidenced by operating safely and efficiently in Hawaii for over five (5) decades. Requiring line handlers who are not familiar with our specialized equipment provides no value-added safety benefit to our operations.

Additionally, scheduling barges in Hawaii's congested harbors is a difficult task due to the countless arrivals and departures per month throughout the State. Attempting to schedule around line handler availability in conjunction with dynamic resupply schedules and weather events, particularly on neighbor islands, will be a challenging endeavor.

Thank you for allowing us to share our concerns.

Blaine Gemeno
Vice President
Sause Bros., Inc.



SENATE COMMITTEE ON WAYS & MEANS
State Capitol
415 South Beretania Street
10:30 AM

APRIL 4, 2023

RE: HB 714 HD1 - RELATING TO MOORING LINES

Chair Dela Cruz, Vice Chair Agaran, and members of the committee:

My name is Max Lindsey, 2023 Government Relations Committee Chair of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii offers the following comments regarding HB 714 HD1, Relating to Mooring Lines. This bill would require that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company.

BIA Hawaii is concerned about the possible unintended consequence of this bill raising the cost of housing in Hawaii. Adding an additional layer of cost onto shipping would raise the cost of building materials, which could in turn further raise the already-high cost of construction.

The state of Hawaii is in a dire housing crisis. As the Legislature is aware, the cost of housing in Hawaii is extremely high, with Oahu's median price of homes being currently over \$1 million. Approximately 153,967 U.S. households are priced out of buying a home for every \$1000 increase in price, according to the National Association of Home Builders (NAHB).

We appreciate the opportunity to share our comments.

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April 3rd, 2023

Chair Dela Cruz and Members of the Committee on Ways and Means
Hawaii State Capital
415 South Beretania St., Room 224
Honolulu, HI 96813-3077

Subject: TESTIMONY COMMENTS ON SENATE REVIEW OF HOUSE BILL (714): A Bill For An Act Relating to Mooring Lines

Chair Dela Cruz and Committee on Ways and Means:

Hawaiian Cement has provided cement – a critical component for making concrete – throughout the State of Hawaii since 1959. And since 1981, we have delivered cement to four Neighbor Island Cement Terminals. We make these deliveries with our specialized 184-foot barge called the “Punapau.” For over 40 years, our Teamsters’ local labor workforce and our Tug Operator have safely and effectively moored our lines without incident. This relationship provides us the flexibility required to handle what is often a challenging delivery schedule, as Neighbor Island concrete construction needs are fluid. House Bill 714 would impact those efficiencies and it would also raise costs for our customers on the Neighbor Islands.

As we have seen in Hawaii, costs for goods and services have already skyrocketed over the past year. In talking with the two local stevedoring companies, House Bill 714 would add additional fees to our services, which would be passed on to our Neighbor Island Customers. That likely will affect government and private construction projects that use concrete in their build designs, including affordable-housing projects.

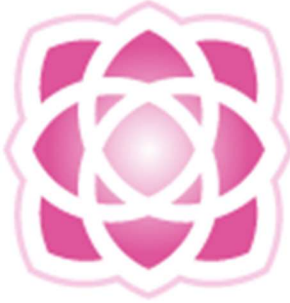
Based on the quotes we received from the stevedoring companies, the price of cement would increase between \$7.50 and \$11.25 per ton, conservatively. This equates to 2.5%-3.86%, or a \$1.2 million added burden to Neighbor Island customers, annually. This is based on hard costs only and does not include potential additional fees associated with detention, travel, and/or standby time. Below is breakdown by Neighbor Island location of what our customers would see as added charges. This would be on top of two increases early this year totaling between 19%-29%, depending on the Island, related to the worldwide increase in cement production and shipping charges. (Note: Hawaiian Cement historically has increases of 3%-5% annually).

Terminal Location	High End \$11.25 per ton	Low End \$7.5 per ton
Maui	3.76%	2.50%
Kawaihae	3.86%	2.57%
Nawiliwili	3.72%	2.48%
Hilo	3.44%	2.29%

Hawaiian Cement has a critical responsibility to the state’s construction industry and we are committed to providing high-quality and affordable products. It is my intent to share with our Legislators that there is a fiscal impact to House Bill 714 in at least on one economic sector that is critical to the infrastructure in Hawaii.

Mahalo

Jim Gomes
General Manager, Cement Division



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

LATE

HEARING BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
TUESDAY, APRIL 4, 2023 AT 10:30 A.M.

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the committee on Ways and Means

OPPOSE HB714 HD1 RELATING TO MOORING LINES

The Maui Chamber of Commerce would like offer **OPPOSITION to HB714 HD1** which requires that the securing of mooring lines from vessels requiring tug assistance to commercial docks, wharves, piers, quays, and landings be performed by a stevedoring company and defines "stevedoring company".

The Chamber is concerned that the economic impact this new legislation will have on Hawai'i families and businesses. At a time when inflationary prices are already adding to our already high cost of living, this is not the right time to pass this bill.

The Chamber notes that for decades, building materials, fuel, and other commodities have efficiently and safely moved between the islands by barges staffed with highly trained crews. This measure seeks to impose a new and costly requirement to use local stevedore labor to secure vessels to the dock. While we support local labor and appreciate their highly trained skillset and commitment to safety, the current practice is not unsafe. Instead, these requirements will likely increase the cost of barging operations throughout the state and lead to scheduling uncertainty for delivery and transport of building materials, fuel, and other commodities to the neighbor islands. This could lead to shortages of vital supplies, and ultimately increase the financial burden on families and businesses.

Mahalo for the opportunity to offer testimony in **OPPOSITION to HB714 HD1**.

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.

CONTRACTORS ASSOCIATION OF KAUA'I

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LATE

April 4, 2023

Testimony from the Contractors Association of Kaua'i (CAK)

RE: HB 714 HD 1 - Relating to Mooring Lines

Tuesday, April 4, 2023

10:30 a.m., Agenda Item 8

State Capitol, Conference Room 211

Chair Delacruz, Vice-Chair Keith-Agaran and Committee on Ways and Means,

The Contractors Association of Kaua'i (CAK) is a Kaua'i based construction trade association comprised of general contractors, speciality contractors, suppliers and businesses affiliated with the construction industry. CAK was chartered in 1957 and our current membership numbers over 100 from across the State of Hawai'i.

The Contractors Association of Kaua'i is **opposed** to HB 714, HD 1 - relating to Mooring Lines. For many decades barges that brings to Kaua'i everything from construction materials and supplies, fuel, merchandise and even domestic animals have moved efficiently and safely between our ports. To the best of our knowledge it has been staffed by highly trained, capable, licensed mariners who have the highest level of expertise in handling these types of barges. Every legislator who represents any of the neighbor islands know how important these skilled mariners are as lifelines to our industry, businesses and families.

Our members and industry are concerned of the impact this bill will have on the cost of construction materials and supplies for residential, commercial and industrial projects. A prime example would be the cost of concrete on Kaua'i-used in nearly every type of construction. Hawaiian Cement has publicly stated if this bill passes their product would cost an additional \$4 to \$8 more per ton.

Thank you for the opportunity to provide testimony in **opposition** of this bill. Senators, we do not think the system is broken and as such should be left as it has been for decades.

copy: The Honorable Senate President Ronald Kouchi