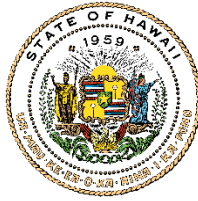


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
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 House Committee on
FINANCE

Monday, February 26, 2024
3:30 PM
State Capitol, Conference Room 308

In consideration of
HOUSE BILL 2477, HOUSE DRAFT 1
RELATING TO COMMERCIAL OCEAN RECREATION OPERATIONS

House Bill 2477, House Draft 1 proposes to allow the Department of Land and Natural Resources (Department) to issue new ocean recreation commercial use permits by unsealed public auction and revises provisions relating to boating and ocean recreation fees and permits. **The Department strongly supports this administration measure and requests an amendment.**

There has been a rapid expansion of commercial ocean activity within a relatively short period of time, leading to overuse of State boating facilities, strain on natural resources, and user conflicts between recreational and commercial ocean users. The Department needs a fair method to issue commercial use permits where a limit is put in place and there are more applicants than available permits. The Department believes that the fairest method of issuing that provides the best return to the State is to auction new commercial use permits.

The Department notes that the commercial ocean fees in the House Draft 1 only apply to vessels carrying passengers for hire and that other non-vessel-based activities would not be subject to the commercial ocean fees. This would exclude a large portion of commercial ocean activities, such as surfing instruction and guided paddle sports tours. Therefore, the Department requests striking the language on page 5, lines 7 through 11, of this measure and replacing it with a numbered paragraph that provides as follows:

(6) If a permittee is using a vessel for commercial purposes from a permitted mooring with the department, the fee required by this paragraph shall be in lieu of the fee required by paragraph (1) for that vessel. For all other

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

DEAN D. UYENO
ACTING 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

commercial activity, the permittee shall pay a monthly fee of three per cent of the gross revenues derived from the permitted activity;

Mahalo for the opportunity to testify on this measure.

HB2477

Relating to Commercial Ocean Recreation Operations

Oppose

HB2477 will have a devastating effect on Hawaii's ocean recreation industry. The justification for the bill--"over-commercialization" is a false narrative. The precepts of the bill have never been discussed with the industry it will heavily impact. The bill is quite simply unfair, unjustified, probably unnecessary, unduly harsh and should not be moved forward.

It should also be noted that DOBOR's history of successfully managing public auctions is rife with failure. Ala Wai, Maalaea, Honokohau Boat Storage come to mind. Millions in revenue have been lost in these failed transactions. Auctions are not the division's strong suit and are extremely unlikely to deliver the revenue the bill seeks to generate.

This bill has many other issues, not the least of which are fee increases which are hardly justified for an industry forced to operate out of sub-standard, third world facilities.

Moreover, dramatic changes of practice and the diminution of longstanding rights should never be undertaken without input from the industry impacted by those changes. DOBOR has not discussed the proposals in this legislation with the ocean recreation industry.

It should also be pointed out that Hawaii's ocean recreation industry is an essential player in its overall economy. DBEDT polls of departing visitors determined that some 80% of our visitors participated in some form of ocean recreation while they were here. Beat up on the ocean recreation industry too much and you risk killing one of the geese that lay the golden eggs.

Alternatives: As this bill is clearly an attempt to raise revenue, it must be pointed out that DOBOR has hundreds of acres of vacant land, much of it increased in value by its proximity to small boat harbors across the state, yet there is no apparent effort to lease that land to the many businesses/developers who have sought to create opportunities there. If the Division would support additional businesses in or adjacent to its current facilities, it could raise far more revenue than they ever will by putting existing businesses in jeopardy.

Please do not move this bill forward, and please admonish DOBOR to open up a dialogue with the industry, to consider the many alternatives available to them to increase revenue, and to be more honest in their dealings with the legislature and the community.

Rick Gaffney, President
Hawaii Fishing & Boating Association



COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

DATE: Monday, February 26, 2024

TIME: 3:30 PM

Aloha Chair Yamashita and Vice Chair Kitagawa 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 since 1997 (27 years) as their Executive Director. A3H strongly opposes HB2477 HD1, despite removal of most of the egregious sections. I'm surprised that this was even scheduled. The Bill in its original form was an attack on the Commercial Boating industry. It has been stripped down to a bare minimum- still not okay!

The remaining section which impacts ORMA permits going out to auction is still a horrible idea.

Precedent Case of Why Actioning Permits is a horrible idea: Decades ago, in Keehi Lagoon there was a Jet Ski permit that was operated by the same local resident for many years. A loud vocal minority were for whatever reasons (jealousy, personal issue with the owner, dislike for Jet Ski operations, fill in the blank) complained to the overseeing government agency at the time regarding the owner having a monopoly. The solution was to put this permit out to bid.

The result was that the local resident who ran the business year after year was out bid to a Southern California entity. The local business held a fire sale on equipment, closed and employees became unemployed. The government entity was happy as the Southern California entity promised large sums of money for the permit, much more than what was being paid previously. Due to the new permittee not understanding the business coupled with a lack of local knowledge they quickly went out of business. The government entity lost, the original permittee lost, the new permittee lost, the workers lost and those in the community that liked going jet skiing lost.

The commercial boating industry has fought for years for a reasonable right or renewal of permits. Why? Sure, it's their business – but there are reasons that benefit everyone. It's common sense! All win with this model. If a company has a reasonable right of renewal - they feel safe investing and improving their product both in quality and safety. It is best for all that the business continues to operate and pay harbor fees and provide a high-quality safe service to the public. There is obviously a huge demand.



Visitors and residents want to get out on and into Hawaii's ocean waters. As opposed to Commercial Tour vessels, one could rent a boat. Can you think this through. Hawaii waters are too dangerous, we owe it to this place and to our visitors to host them on ocean tours, keep them and this place safe. A bunch of yahoos with trailer rental boats – nightmare!

Support these small businesses and work with them instead of trying to shut them down.

Mahalo,

Toni Marie Davis
Executive Director
Activities & Attractions Association of Hawaii, Inc.



February 26,, 2024
COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair Rep. Lisa Kitagawa, Vice Chair

Subject: Opposition Testimony for HB 2477 HD1

Dear Rep. Kyle T. Yamashita, Chair, Rep. Lisa Kitagawa, Vice Chair, and Committee Members,

I am writing to express my strong opposition to HB2477, which proposes unknown increases to commercial ocean activity fees. As a 53-year-old Kona snorkel business, unknown fees can negatively impact our operations and jeopardize the livelihoods of our 50 employees due to our inability to remain viable.

This bill retains language allowing for fees to be determined based on the "impact of the activity" on natural resources and public access, raising concerns about the potential for subjective interpretations and inconsistent fee determinations. I strongly request for clearer and more objective criteria to ensure fairness and transparency in assessing fees for commercial ocean operators.

Every few years, an audit is conducted on the DLNR, and there are significant discrepancies every time. Shouldn't the department clean up its books before being allowed free rein to charge higher fees and continue the bad habits of poor money management with no consequences? Our legislature is the one to make DLNR clean up its expenditures to justify any fee increase.

The maintenance work at the DOBOR harbors is treated as a line-by-line item funding request. Proving the legislature has felt the need to control DLNR's spending on each project yearly. Our current 3% fees bring in hundreds of millions annually.

I ask the committee to vote NO on this bill before we are harnessed with uncontrollable fees on our industry.

Thank you for considering my testimony.

Respectfully,

Mendy Dant
President
Fair Wind, Inc.

HB-2477-HD-1

Submitted on: 2/25/2024 10:24:05 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|---------------------------------------------------|--------------------|---------------------------|
| Inca Robbin | Kapalua Kai Sailing Inc. Crystal Seahorse LTD. | Oppose | Written Testimony Only |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa and Members of the Committee on Finance,

In regards to HB 2477 HD1, I respectfully request please do **not** schedule a FIN hearing for HB2477 HD1. Please review the testimony and consider how many small business owners like us wrote testimony or flew to Oahu from outer islands to testify against this bill. This BILL, EVEN WITH ITS changes, Kills small businesses.

As a small businesses owner of over 50 years, we struggle yearly to keep our companies afloat. The ever rising costs of operating, the aftermath of both the Covid shut downs, reduced tourism and now the Lahaina Wildfires has catapulted us into survival mode to keep our doors open. Our near non existent harbor facilities are inadequate and antiquated, that being stated, Small Boat Harbors do not belong under DLNR; it would make more sense if they were under the DOT or in a Private/Public management arrangement. Along with OTC and others, we plan to discuss this with the departments and introduce bills next year to address this. Even current DLNR Chair Chang said Small Boat Harbors are not a good fit for DLNR. The Department of Land and Natural Resources made up their Bill packet with none of the stakeholders being consulted. Their attempts to alter this Bill are not enough. Please hold this Bill.

Thank you for considering our input.

Sincerely,

Inca Robbin - President

Sailing Maui Inc. Kapalua Kai Sailing Inc - DBA Hula Girl Sailing Charters Crystal Seahorse LTD - DBA Shangri-La Sailing Charters



HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024

COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

Rep. Micah P.K. Aiu

Rep. Cory M. Chun

Rep. Elle Cochran

Rep. Andrew Takuya Garrett

Rep. Kirstin Kahaloa

Rep. Darius K. Kila

Rep. Bertrand Kobayashi

Rep. Rachele F. Lamosao

Rep. Dee Morikawa

Rep. Scott Y. Nishimoto

Rep. Mahina Poepoe

Rep. Jenna Takenouchi

Rep. David Alcos III

Rep. Gene Ward

NOTICE OF HEARING

DATE: Monday, February 26, 2024

TIME: 3:30 p.m.

PLACE: VIA VIDEOCONFERENCE

Conference Room 308

State Capitol

415 South Beretania Street

TESTIMONY IN OPPOSITION TO HB2477 HD1

Dear Chair Yamashita, Vice Chair Lisa Kitagawa, and Members of the Committee on Finance:

The Ocean Tourism Coalition (OTC) represents hundreds of tour operators and charter boat businesses statewide. I am writing to express our opposition to HB2477 HD1, which seeks to revise the way fees applicable to commercial ocean operators are assessed and allow the department to issue certain new commercial use permits by public auction.

Firstly, the bill introduces language allowing fees to be determined based on the "impact of the activity" on natural resources and public access. This introduces a significant degree of subjectivity into fee assessments, which could lead to inconsistent determinations and potentially unfair treatment of operators. It is imperative that any fee structure be based on clear and objective criteria to ensure fairness and transparency in assessing fees for commercial ocean operators.

Secondly, the mandate for all "new" permits to be issued through public auctions raises serious concerns, particularly regarding the potential impact on longstanding operators. There is a risk that established businesses could lose access to sites they have utilized for decades when new ORMA's are created in locations traditionally used by local operators. Under an auction system, there is a risk that the highest bidder, rather than the most senior company, would gain access to these sites. This not only

undermines the efforts and investments of local businesses but also opens the door for mainland buyers to simply outbid longstanding operators, thereby disrupting the local economy and community.

In established destinations, new permits should be allocated based on seniority, similar to the current waitlist system. This approach would not only protect local businesses but also ensure that those with a vested interest and proven track record in serving the community are given priority access to operating permits.

In conclusion, the proposed fee structure and auction system raise significant concerns regarding fairness, transparency, and the protection of local businesses. I urge the Committee to reconsider these provisions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Denver S. Coon', with a long horizontal flourish extending to the right.

Denver S. Coon
President
OTC

HB-2477-HD-1

Submitted on: 2/25/2024 10:38:39 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-------------------------|---------------------------|------------------------|
| Caitlin Maratea | Banyan Tree Divers Maui | Oppose | Written Testimony Only |

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and esteemed members. My husband and I own a small business on Maui and I am writing in opposition to revised HB2477 HD1. While I appreciate the attempt made by the DLNR to clarify some of the language and intent in the bill, the reality remains that the proposed avenue to mitigate commercial overcrowding will not be achieved through this measure.

Public auction for a commercial use permit ensures that permits will be awarded to the deepest pockets with the ability to squash smaller companies. This is not an equitable way to diversify the commercial landscape, and I struggle to understand how public auction will correct the over permitting issue. If permits exceed capacity in any area, is the DLNR not within its right to deny applications for new permits?

Many businesses are struggling to catch up post-Covid lockdown as well as post-fire here on Maui. The amendment to maintain the current permit fee structure is appreciated, however, the language allowing for fees to be determined based on “impact of the activity” is too subjective and lacks objective criteria to allow for consistent fee determinations.

On page 2, lines 3 and 4 of HB2477’s description, the DLNR states that they are underfunded and “unable to proactively address the impacts of rules-based commercial activity.” If the DLNR is unable adequately enforce the rules they hold currently, then how will adding more rules and administrative red tape help solve the overcrowding issue they propose to address?

Perhaps clamping down on the number of illegal operators would help perceived over crowding issues and HB2475 would help achieve just that. This bill as written does nothing but hurt small businesses.

HB-2477-HD-1

Submitted on: 2/25/2024 11:11:24 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------------------------------------|---------------------------|------------------------|
| Virginia Armstrong | Splashers Ocean Adventures DBA Kona Snorkel Trips | Oppose | Written Testimony Only |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

The Ocean Tourism Coalition (OTC) represents hundreds of tour operators and charter boat businesses statewide. I am writing to express our opposition to HB2477 HD1, which seeks to revise the way fees applicable to commercial ocean operators are assessed and allow the department to issue certain new commercial use permits by public auction.

Firstly, the bill introduces language allowing fees to be determined based on the "impact of the activity" on natural resources and public access. This introduces a significant degree of subjectivity into fee assessments, which could lead to inconsistent determinations and potentially unfair treatment of operators. It is imperative that any fee structure be based on clear and objective criteria to ensure fairness and transparency in assessing fees for commercial ocean operators.

Secondly, the mandate for all "new" permits to be issued through public auctions raises serious concerns, particularly regarding the potential impact on longstanding operators. There is a risk that established businesses could lose access to sites they have utilized for decades when new ORMA's are created in locations traditionally used by local operators. Under an auction system, there is a risk that the highest bidder, rather than the most senior company, would gain access to these sites. This not only undermines the efforts and investments of local businesses but also opens the door for mainland buyers to simply outbid longstanding operators, thereby disrupting the local economy and community.

In established destinations, new permits should be allocated based on seniority, similar to the current waitlist system. This approach would not only protect local businesses but also ensure that those with a vested interest and proven track record in serving the community are given priority access to operating permits.

In conclusion, the proposed fee structure and auction system raise significant concerns regarding fairness, transparency, and the protection of local businesses. I urge the Committee to reconsider these provisions and work towards a more equitable solution that balances the interests of all stakeholders involved.

Sincerely,

Virginia Armstrong



Testimony Before The
House Committee on Finance (FIN)
IN SUPPORT TO HB2477 HD1
February 26, 2024, 3:30 p.m., Room 308 & Via Zoom

We are Olan Leimomi Fisher and Kevin Chang, Kua'āina Advocate and Executive Director, respectively, testifying on behalf of [Kua'āina Ulu 'Auamo \(or KUA\)](#). "Kua'āina Ulu 'Auamo" stands for "grassroots growing through shared responsibility," and our acronym "KUA" means "backbone." **Our mission is to connect and empower communities to improve their quality of life through the collective care for their biocultural (natural and cultural) heritage, serving as a "backbone organization" that supports creative and community driven solutions to problems stemming from environmental degradation.** Hawai'i's biocultural resources continue to be negatively impacted by political, economic, and social changes, and the increasing dangers of climate change make fostering and empowering resilient communities acutely critical.

Currently KUA supports three major networks of: (1) almost 40 mālama 'āina (caring for our 'āina or "that which feeds") community groups collectively referred to as E Alu Pū (moving forward together); (2) over 60 loko i'a (fishpond aquaculture systems unique to Hawai'i) and wai 'ōpae (anchialine pool systems) sites in varying stages of restoration and development, with numerous caretakers, stakeholders, and volunteers known as the Hui Mālama Loko I'a ("caretakers of fishponds"); and (3) the Limu Hui made up of over 50 loea (traditional experts) and practitioners in all things "limu" or locally-grown "seaweed." Our shared vision is to once again experience what our kūpuna (ancestors) referred to as **'āina momona** – abundant and healthy ecological systems that sustain our community resilience and well-being.

KUA supports, with amendments, HB2477 HD1 as a step toward 'āina momona.

Although we strongly support the original version of HB2477 and we understand that the HD1 version is a lot less effective, we still support the overall purpose of this bill to revise the law regarding the issuance of commercial permits which have exceeded the Department of Land and Natural Resources' Division of Boating and Ocean Recreation (DLNR-DOBOR's) capacity, despite efforts to encourage attrition. **We encourage listening to DOBOR with the critical needs that they expressed in the original version of HB2477 HD1, and urge your Committee to consider reinstating some, if not all, of the original language.** In its original form, this measure is necessary for DOBOR to effectively manage its kuleana in a fair and equitable manner for all users of our nearshores here in Hawai'i, not just commercial users.

We remind our legislators that DOBOR was transferred from DOT to DLNR stewardship in 1991 – over thirty years ago – and **KUA appreciates this measure as a strong starting point to finally begin shifting DOBOR's mission and culture from previously prioritizing commercial activities to a more balanced approach *with preservation of our natural and cultural resources also considered at every turn.*** Nearshore resources and communities

engaging in mālama ‘āina – care for that which sustains us – have long awaited reforms in DOBOR due to the rampant over commercialization of our shared public trust resources.

‘Āina Momona is not achievable without prioritizing the well-being of kama‘āina, locals and Native Hawaiians alike, that intimately know and care for our shared places. Nearshore resources are currently impacted by rampant abuse by illegal commercial activity or abuse of legal commercial privileges, which among other things disturb fishing grounds, cause conflict and overcrowd of public areas, hinder access points, and impair community boat ramps. Community calls have often gone unheard due to DOBOR’s limited capacity and/or enforcement capabilities. Bills like HB2477 HD1 aim to address this overlooked and quickly growing issue. **We strongly support giving more teeth to the original purpose of HB2477 HD1, and adding back the critically important pieces found in the original HB2477 version.**

Mahalo for considering our testimony. Please **PASS, with amendments,** HB2477 HD1.

Aloha ‘Āina Momona no nā kau ā kau.

Monday, February 26, 2024, 3:30 P.M.

State of Hawai'i

House Committee on Finance
State Capitol, Conference Room 308

**JOINT TESTIMONY OF DOUG CHIN AND ERIC ROBINSON OFFERING
COMMENTS ON HOUSE BILL 2477, HD1
RELATING TO COMMERCIAL OCEAN RECREATION OPERATIONS**

Dear Chair Yamashita, Vice Chair Kitagawa, and Committee Members:

We are legal counsel for a hui of commercial use permit holders throughout the State. We respectfully **offer comments** on House Bill 2477, HD1.

The original draft of HB2477 was “part of a comprehensive ocean recreation management package” put forth by the Department of Land and Natural Resources, along with HB2474, HB2475, and HB2476. As reflected in the Committee on Water & Land’s committee report, there was overwhelming opposition against the bill. The opposition was largely due to the devastating effects the bill would have on small businesses and its confusing rationale. After hearing the outpouring of opposition, the Division of Boating and Ocean Recreation met with some industry stakeholders and proposed an amended version of the bill that is the basis for the HD1.

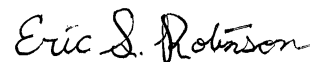
While DOBOR’s meetings with industry stakeholders represented a meaningful step forward in addressing issues collaboratively, there is still concern from within the industry concerning this bill and the larger “package.” Moving forward (and after this legislative session), we are hopeful that DOBOR will continue these collaborative engagements and working to foster trust with the industry.

Thank you for the opportunity to provide testimony offering comments on HB2477, HD1. We respectfully ask that the Committee consider this history while deliberating on the bill and not restore any language removed by DOBOR’s amendment.

Sincerely,



Douglas S. Chin



Eric S. Robinson

HB-2477-HD-1

Submitted on: 2/25/2024 11:45:08 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|------------------------|---------------------------|------------------------|
| Elizabeth Leinbach | Kona Coast Expeditions | Oppose | Written Testimony Only |

Comments:

I oppose this bill as written. Specifically Section 2 (h). If new permits go to the highest bidder this allows for foreign and "mainland" money to come in and outbid locals who would have seniority and the A'ina's best interest in mind. There are several examples in the islands where this is already happening. One specifically is in real estate. Outside entities with money are driving prices up and blocking resident middle/working class individuals from being able to purchase and gain a foothold to secure a comfortable living.

The individuals who have been on the waitlist for years waiting for a permit to come up will be squashed by the deeper pockets of outside investors.

More specifically, let's call a spade a spade and address the main point of this section, the creation of new permits for ORMA's in Hawaiian waters.

There needs to be some sort of verbiage to address seniority. Whether it is for the Manta Rays on the Big Island or Snorkeling permits in Molokini crater or Shark swimming permits on Oahu, there needs to be specific language to address that companies already engaged in these activities will have seniority over entities who are new to the business.

I thank you for your time,

Elizabeth Leinbach

HB-2477-HD-1

Submitted on: 2/25/2024 11:58:09 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-------------------------|---------------------------|------------------------|
| David Borges | Kona Dream Sportfishing | Oppose | Written Testimony Only |

Comments:

On behalf of Kona Dream Sportfishing, I hereby oppose this proposed HB2477 because of the negative impact it will make on my business and our economy. I think that there is another way to regulate our coastal areas from being overwhelmed by boat users commercial and recreation and this bill needs be thrown out and a better plan of attack needs to be considered.

HB-2477-HD-1

Submitted on: 2/25/2024 11:58:40 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|----------------------|---------------------|---------------------------|------------------------|
| George F. Garnes III | Gemini Charters | Oppose | Written Testimony Only |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

I am writing to express our opposition to HB2477 HD1, which seeks to revise the way fees applicable to commercial ocean operators are assessed and allow the department to issue certain new commercial use permits by public auction.

Firstly, the bill introduces language allowing fees to be determined based on the "impact of the activity" on natural resources and public access. This introduces a significant degree of subjectivity into fee assessments, which could lead to inconsistent determinations and potentially unfair treatment of operators. It is imperative that any fee structure be based on clear and objective criteria to ensure fairness and transparency in assessing fees for commercial ocean operators.

Secondly, the mandate for all "new" permits to be issued through public auctions raises serious concerns, particularly regarding the potential impact on longstanding operators. There is a risk that established businesses could lose access to sites they have utilized for decades when new ORMA's are created in locations traditionally used by local operators. Under an auction system, there is a risk that the highest bidder, rather than the most senior company, would gain access to these sites. This not only undermines the efforts and investments of local businesses but also opens the door for mainland buyers to simply outbid longstanding operators, thereby disrupting the local economy and community.

In established destinations, new permits should be allocated based on seniority, similar to the current waitlist system. This approach would not only protect local businesses but also ensure that those with a vested interest and proven track record in serving the community are given priority access to operating permits.

In conclusion, the proposed fee structure and auction system raise significant concerns regarding fairness, transparency, and the protection of local businesses. I urge the Committee to reconsider these provisions and work towards a more equitable solution that balances the interests of all stakeholders involved.

Sincerely,

George F. Garnes III

HB-2477-HD-1

Submitted on: 2/25/2024 12:11:29 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|-------------------|
| Greg Howeth | Lahaina Divers Inc. | Oppose | Remotely Via Zoom |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

I am writing to express opposition to HB2477 HD1, which seeks to revise the way fees applicable to commercial ocean operators are assessed and allow the department to issue certain new commercial use permits by public auction.

Firstly, the bill introduces language allowing fees to be determined based on the "impact of the activity" on natural resources and public access. This introduces a significant degree of subjectivity into fee assessments, which could lead to inconsistent determinations and potentially unfair treatment of operators. It is imperative that any fee structure be based on clear and objective criteria to ensure fairness and transparency in assessing fees for commercial ocean operators.

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In established destinations, new permits should be allocated based on seniority, similar to the current waitlist system. This approach would not only protect local businesses but also ensure that those with a vested interest and proven track record in serving the community are given priority access to operating permits.

In conclusion, the proposed fee structure and auction system raise significant concerns regarding fairness, transparency, and the protection of local businesses. I urge the Committee to reconsider these provisions and work towards a more equitable solution that balances the interests of all stakeholders involved.

Sincerely,

Greg Howeth

President

Lahaina Divers Inc.

HB-2477-HD-1

Submitted on: 2/25/2024 12:12:38 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-----------------------|---------------------------|-------------------|
| Koa Fuller | Komohana Charters LLC | Oppose | Remotely Via Zoom |

Comments:

Aloha Chair, and members of the committee,

I am writing to express my opposition to HB2477 HD1.

Firstly, the bill continues to introduce broad language in terms of increasing fees such as “impact of activity” which leaves room for the DLNR to have control as they seem fit. As a small business this type of language ensures that we will not only see increases soon, but that we will not be able to be represented or have any say in the matter if this bill goes through. It is absolutely imperative that any language referring to increases be clear to exact amounts and that any and all operators be involved in these decisions. Many of the actual SMALL tour companies out there that are locally run will not survive if increases are made.

Secondly, the mandate for all “new” permits to be issued through public auctions raises serious concerns, particularly regarding the potential impact on longstanding operators. It has taken some of us years to grow a business and opening it to auction not only means we are at risk of losing our business all together but that to buy our business back may set our family back years of work and money we don’t have. Opening the doors to local businesses being bought by mainland or foreign investors is not only unjust but honestly disgraceful.

Knowing what we do about the permitting system, it is evident the DLNR is using broad language to their advantage. We know that no new permits will ever be issued because they are already trying to take away permits as they see their are too many. Technically EVERY year we have to fill out permit renewal forms meaning that every year we have the risk of permits being taken away. Current permit holders need to have some sort security through seniority.

Following these bills and the DLNR for the last two years has shown that they are grasping for total control. They have the knowledge and ability to be clear and concise of true intent and continue not to do so. I ask myself if they know the real issues at hand why not create a bill with exact numbers, clear and understandable by the people that it would effect. They have said that they are understaffed and under funded, so why take out the businesses that offer them the most funding? I highly suggest the state audit the DLNR. And please offer some sort of protection to theses business.

Mahalo,

Koa Fuller

HB-2477-HD-1

Submitted on: 2/25/2024 12:23:25 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|-------------------|
| Brian keao shaw | Makai Adventures | Oppose | Remotely Via Zoom |

Comments:

Aloha Chair

My Wife and I run a small charter boat operation in west Maui. We strongly oppose the rule changes being suggested. We have continually paid our 3% harbor fees throughout the year. What is the reason for the increase? As inflation has risen so have our prices and so have what we pay in our fees to the harbors! So again what is the reason for the raise to 6%? Our margins are slim to begin with especially with the recent loss of Lahaina harbor with our boats and our home. Why does the state continue to take it out on us operators?

please do not change the wait list policy. It insures everyone gets a fair opportunity at starting or expanding their business. I am a small operator and have been on the waitlist for over 10 years! And when someone from the mainland comes in with big money it would push all the little guys out of the way. This isn't how the system should work. It should be fair across the board. It also helps with diversifying the fleet. If people just did it for the money there would be no diversity in the types of businesses people ran. There would be no passion. It would all be mathematical to make the largest profit. Right now there are many people running operations they are simply passionate about, like us running a small sailboat operation rather than simply running a big catamaran like everyone else. Or the charter fishermen. We would all be priced out. Diversity is important!

please keep our fees at the 3% and our waitlist permits the way they are to ensure fairness

Brian Keao Shaw

HB-2477-HD-1

Submitted on: 2/25/2024 12:28:14 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Nathaniel Fisher | Na Pali Experience | Oppose | Written Testimony Only |

Comments:

Aloha Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

My name is Nathaniel Fisher, owner and operator of Na Pali Experience located in Kekaha, Kaua'i. I am writing to express my opposition to HB2477 HD1.

The bill uses unclear language regarding impact fees on a plethora of "issues" in two different locations (land and water) such as:

- Permitted activities relating to natural resources
- Public access to and use of State boating facilities and
- Coastal use of State waters
- Determination of Administrative cost for the small boat harbors and coastal area programs

This raises a significant amount of questions and could open the door to commercial operators being subject to fee assessments and inconsistent, unfair, and mistreatment in all their operations. Rules that include the proposed fees for commercial ocean operators, should be written with clear, transparent, and fair language.

In addition, there are serious concerns regarding how NEW permits will be issued, that need to be addressed. As proposed, an auction system creates a substantial risk for the most senior company losing their established business to the highest bidder. This gives the chance for mainland buyers to outbid local operators which causes a disheartening negative impact to the economy and community, as well as access to sensitive areas used by Native Hawaiian practitioners.

It is disheartening to see another poorly written bill that would affect thousands of people across Hawaii. Looking at the bigger picture, this wouldn't just affect a small pool of commercial boat operators but also those who work with us in other industries. Without the proper discussions and communication with the stakeholders, the State is not properly coming to a solution rather creating a much larger and problem.

This bill needs further open discussion regarding fairness, transparency, and the protection of all shoreline activities/businesses in addition to natural resources. I urge the Committee to defer the issue back to DLNR for further discussion with all boaters (commercial and recreational) that operate within State Waters.

Mahalo Nui Loa,
Nathaniel Fisher

Subject: Testimony in Opposition to HB2477

Krystine Boughton
General Manager
Anela Kai Catamarans, INC. & Islands Beach Activities, INC.
1525 Wilder Avenue Honolulu, HI, 96825
808-722-2299

Honorable Members of the Committee,

I am writing to express our strong opposition to HB2477, as it poses a significant threat to more than just our local family business but the livelihoods of the over 50 hardworking individuals we employ. Our Waikiki Beach Catamarans have been an integral part of the local community for over 50 years, providing not only employment opportunities but also contributing to the vibrant tourism industry that sustains our economy.

Our dedicated team is comprised of individuals who have chosen this industry as their career, with most of them having accumulated multiple years of experience, credentials, medical benefits, and retirement plans. They take immense pride in ensuring a safe and enjoyable experience for our guests, contributing to the positive reputation of our beautiful waters here in Hawaii. Our guests are not just tourists, but local residents as well. During the pandemic shut down we were essentially solely sustained by our local support who kept us in business. We love our local support and have worked hard to offer an experience that is beautiful and respected by locals and tourists alike. Our bookings are easily 40-45% local and 50-55% tourist, sustaining our industry and the local economy.

One crucial aspect of our workforce includes 15-20 off-duty city and county lifeguards who we have created an opportunity and water safety program for them to work with us. These individuals not only enhance the safety measures for our guests but also manage to make ends meet in these challenging economic times by having a second job. Their commitment to both public service and our business is invaluable, and their presence significantly contributes to the overall well-being of our operations.

Additionally, our business has fostered partnerships with multiple local booking agencies, individual agents, and additional partnerships such as local restaurants. These collaborations not only help us work together in this industry, maintain high standards of practice, and most importantly stimulate the local economy by creating numerous job opportunities locally. The passage of HB2477 would jeopardize these local partnerships, leading to a ripple effect that would negatively impact and damage countless families in Hawaii who depend on the tourism and hospitality sector for their livelihoods.

Our industry is subject to countless rules and regulations for the environment and protection of our resources that we abide by without question. We have incurred extreme costs and expenses related to the everchanging rules and policies, however we adapt and manage these

costs as we understand the importance and sanctity of protecting the environment and holding our industry to the highest of standards. Our entire industry works tirelessly to consistently offer the highest level of safety protocols and systems that we have created while working together to go above and beyond.

We respectfully urge you to reconsider the implications of HB2477 on small, locally-owned businesses like ours and the broader community we support. We are a conscious and close working industry and we are always willing to work together for a more collaborative approach to lead to better-informed and balanced regulations.

Thank you for your time and consideration. We are hopeful that you will consider the voices of businesses like ours and the dedicated individuals who rely on them for their livelihoods.

Sincerely,

Krystine Boughton
General Manager
Anela Kai Catamarans, INC.
Islands Beach Activities, INC.

A handwritten signature in black ink, appearing to be 'Krystine Boughton', written in a cursive style.

HB-2477-HD-1

Submitted on: 2/25/2024 2:35:35 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|-------------------|
| jessie croft | explore kauai scuba | Oppose | Remotely Via Zoom |

Comments:

Aloha Chair, Vice chair, and members of the committee,

My husband and I own a small 6 pack scuba business on the island of Kaua'i. I oppose this HB2477 HD1 because of the subjective language on fee assessments. It's very vague and if not made more clear this could end up being very unfair for commercial operators. We understand that the fees are necessary, we just want it to be more clear how these fees are determined.

Auctioning out new permits seems like it would not impact current permit holders. But it could impact us when new permits are made. The highest bidder would gain access to these sites and push out long standing small businesses

thank you for your time!

Jessie Croft

HB-2477-HD-1

Submitted on: 2/25/2024 3:22:41 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Amy Cornforth | Kona Zodiac Ltd. | Oppose | Written Testimony Only |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

We oppose HB2477 due to the language allowing for fees to be determined based on the "impact of the activity" on natural resources and public access. This raises concerns because of the potential for a variety of interpretations of what this could mean for permit holders. Will they be based on individual businesses/permit holders and their practices or will the evaluation of the "impact" apply to all commercial permit holders. The language for this needs to be clearer.

Mahalo for your consideration,

Amy & Colin Cornforth CEO/COO Kona Zodiac LTD. dba Captain Zodiac

HB-2477-HD-1

Submitted on: 2/25/2024 3:25:26 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|-------------------|
| Byron Kay | Kona Honu Divers | Oppose | Remotely Via Zoom |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

I am writing to express our opposition to HB2477 HD1, which seeks to revise the way fees applicable to commercial ocean operators are assessed and allow the department to issue certain new commercial use permits by public auction.

1. This bill should clearly state the fee structure and the reasoning for the fees and leaves a vague and ambiguous means on determining them.
2. The proposed system for public auctions biases the permit holders to those with the most money. While this may benefit the state in the short run, it will harm existing permit holders and feed a system that incentivizes an arms race to exclude all but the wealthiest individuals.

In established destinations, new permits should be allocated based on seniority, similar to the current waitlist system. This approach would not only protect local businesses but also ensure that those with a vested interest and proven track record in serving the community are given priority access to operating permits.

Sincerely,

Byron Kay

HB-2477-HD-1

Submitted on: 2/25/2024 7:10:50 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|--------------------------|---------------------------|----------------|
| Nick Croft | Explore Kauai Scuba, LLC | Oppose | In Person |

Comments:

Aloha Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

My name is Nick Croft. I am from Kauai and co-owner of Explore Kauai Scuba. I oppose HB2477 HD1, which can have dramatic consequences on my small business. This bill leaves many open ended possibilities that can have dramatic impact on small businesses across the entire state. The whole "new" permit approach can easily be a way to take out many companies that already exist. The same goes for the open ended fee's.

The DLNR has openly admitted they are understaffed. How can they have new rules if they can't already enforce the current ones. I don't blame them for being understaffed, which usually means over worked as well. My question is why take out the current good law abiding citizens by making new rules that can put them out of business. I'm scared their definition of "new" permits can be used in many ways to lose where our business can go. These places are reefs that we take care of almost daily. We are the protectors of our natural resources. By owning this small business, it enables me to financially give back and protect.

The open ended fee's part is scary as well. High fee's can put many small businesses bankrupt if not controlled correctly. I wish we could sit down with DLNR prior to the legislative process and come up with the perfect solution that works for both sides. This would save a lot of time and money for everyone and not run hundreds if not thousands of jobs state wide.

Please please please help our community by ending this scary bill.

Mahalo Nui Loa,

Nick Croft

owner/operator, Explore Kauai Scuba

HB-2477-HD-1

Submitted on: 2/25/2024 7:44:40 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|------------------------------------------------|---------------------------|---------------------------|
| Woody brown | Woodbridge Inc. DBA Waikiki Sailing Company | Oppose | Written Testimony Only |

Comments:

Aloha All

My name is Woody Brown Jr representing Woodbridge Inc DBA. WAIKIKI SAILING Company. My father Woody Brown Sr. pioneered and pave the way for the catamaran industry we now see today world wide. Woody built the very first catamaran here on Oahu. He started our business in the 1940's before Hawaii became a state. Our family business has been operating for over 75 yrs. If I'm not mistaken other then cruise ships our company is the very first commercial tour boat business in the state of Hawaii.

I'm am writing this in opposition of House Bill 2477, reason being the bill is not clearly written in detail. I represent one of the 6 Waikiki beach cats and during the last two hearings Ed Underwood stated the Waikiki beach catamarans will be excluded in this bill. My main concern is that I do not see any thing that states Waikiki beach catamarans will be excluded like mentioned before. I'd like to see the amendments in proper detailed writing that the Waikiki beach cats are excluded before this bill is moved forward.

Thank you for your time.

Mahalo,

Woody Brown

HB-2477-HD-1

Submitted on: 2/26/2024 1:20:49 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-------------------------------------------------|---------------------------|---------------------------|
| Theodore Hoogs | Mona H. Incorporated, DBA Bwana Sportfishing | Oppose | Written Testimony Only |

Comments:

Mahalo for taking the time to read my testimony.

I'm happy to see much of the language in bill HB2477 has been revised. Although some points are still concerning to me.

Moorings subject to apprasier for cost assessments and new commercial permits to be auctioned off. This language reads as vauqe and unclear for the boating public to expect.

My family and I have been highly involved with the State and commercial activity revolving around commercial fishing and charter fishing for over 50 years. Much of the reason we have been able to do business with the State and invest our hard earned money and time is the consistancy of the States boating rules that have been steadfast. This allows myself and fellow boaters and commercial operators to continue to operate under this trust and value based off the boating division rules that have been inplace for generations.

I think this should be thoughtfully revised further with input from the boating community, much of whom are very pasionate to see our public harbors thrive for the community and vistors alike.

Please oppose HB 2477.

Aloha,

Capt. Teddy Hoogs

808-936-5168

HB2477 HD1 – Permits

I oppose HB2477 HD1 as it is currently written.

I submitted testimony in opposition to the original draft of HB2477 and appreciate DOBOR's amendments as the original bill was a blatant attack on the commercial ocean industry across the state. I have strong concerns that DOBOR has now switched to a covert attack with this amended draft and correlating HB2476.

My main concern with the bill is the language:

(h) Except as provided in section 200-37(1), all new commercial use permits issued for commercial ocean recreation activity occurring in an ocean recreation management area, as defined by law or rule, that are not renewals or reissuances of commercial use permits shall be issued by public auction.

If this language stands, and DOBOR's corresponding bill HB2476 passes as written, then all commercial ocean users' futures are uncertain.

If DOBOR is successful in making all state waters an ORMA (HB2476), then they will have the discretion to make new rules and permit requirements where none previously existed. With the language in HB2477, any "new" permit that is created, would then go to auction, benefiting the highest bidder and DOBOR's pocketbook, instead of supporting the small local businesses who are committed to and invest in our communities.

My example is this, I own and manage Holo Holo Charters, a boat tour operator on Kaua'i. We operate from a DOT harbor, so HB2477 does not impact me currently. However, if DOBOR creates ORMA's where none existed previously, they could create new requirements for these areas. Suddenly we would need a permit to enter the ORMA around Nāpali, or a permit to snorkel at one of our favorite locations on the west side. Since we currently don't need permits to do these things, these would be considered "NEW" permits, and therefore would be issued at auction.

When I asked DOBOR about this concern directly, they verbally indicated this is not their intention. It doesn't matter if I believe them or not, because what matters is what is written in the bills. The current administration may not intend to do this, but if I am interpreting the language this way, the next administration may interpret it the same and move forward with this covert plan to limit commercial ocean activity. This seems to be the long-term plan for DOBOR.

If DOBOR does not intend to create new use permits in the future and put them to auction, then I request that language is documented in the bill, so no future misinterpretations can occur.

We are currently planning to invest in new boats, built on Kaua'i, by Kaua'i people. We are creating a new economy and industry here, despite living on an island, boat building does not exist as an industry.

Our investment in new vessels is to secure the next 30 years of Holo Holo Charters, my family and team depend on it. I am very concerned that 5 or 10 years from now, our ability to operate will be threatened due to the auction language in HB2477.

I don't take for granted the amazing privilege we have in showing guests the most beautiful areas of our state. Seeing the Nāpali Coast is a must-do Kaua'i activity and if that was taken away as an option (because we couldn't afford to bid on the "new" permits), our business would not survive.

There are only a few safe places to snorkel by vessel around Kaua'i, depending on the ocean and weather conditions, so any additional limitations imposed by new permits would have a huge impact on our ability to operate. If we couldn't afford to bid on "new" permit for the snorkel locations we utilize, our entire tour route and marketing strategy would have to shift.

Auctions should not be the method of issuing new permits. This would clearly hurt the residents who are trying to operate a small local business. We would not be able to outbid mainland money from coming in, scooping up all the permits they could and making this a corporate, cold, heartless, and destructive industry. Keep permits in the hands of local small businesses who have a huge passion for the people and place where they live and operate. If new permits are issued they should first be offered to those who have history of operating in the area and are in good standing.

Please consider the future impacts this bill would have on the lives of so many who are passionate and committed to our islands.

Mahalo,

Chandra Bertsch
Co-Owner & General Manager
Holo Holo Charters
PO Box 50940
'Ele'ele HI 96705



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Monday, February 26, 2024 AT 3:30 P.M.

To The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
Members of the Committee on Finance

COMMENTS ON HB2477 HD1 RELATING TO COMMERCIAL OCEAN RECREATION OPERATIONS

The Maui Chamber of Commerce would like to offer **COMMENTS on HB2477 HD1**.

The Chamber appreciates the amendments made to the initial version of this measure and that the legislature heard and took into account the testimony in opposition to the previous version.

Specifically, we agree with:

- Deleting the provision that prohibited the transfer of permits – It is critical for owners who want to sell their business for the permit to transfer and helps the transaction occur more quickly. It also helps to protect jobs as employees, who are knowledgeable about the ocean and safety, are often kept on with the new owner.
- Deleting the provision that disallowed permittees from renewing their permit if the limit was exceeded in an area – This is key to protect current operating businesses from losing their permit and their livelihood.
- Specifying that only new permits (not renewals or reissues) would be issued by public auction, instead of unsealed public auction – As noted above, it is key to protect current permittees and we agree that for transparency, public auction is preferred.

We would like to see this HD1 version move forward and that the legislature work with the industry on the permit fee structure.

Mahalo for the opportunity to offer **COMMENTS on HB2477 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.

HB-2477-HD-1

Submitted on: 2/24/2024 4:15:54 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| James E. Coon | Individual | Comments | Written Testimony Only |

Comments:

This section starting at the end of line 6 to line 11 is far to broad and subjective. It gives DOBOR/DLNR unbridled discretion to charge fees that cannot be substantiated and is not based on any measurable criterion. If the section 6-11 were deleted, I would withdraw my objection to HB2477 HD1

5 (c) A permittee shall pay [moorage] fees to the
6 department for [-e] a use permit that shall be based on
~~7 but not~~
~~7 limited to the~~
~~9 impact of the permitted activity on natural~~
~~10 resources, impact of the activity on public access to and use of~~
~~11 state boating facilities and waters of the State,]~~

HB-2477-HD-1

Submitted on: 2/24/2024 5:10:09 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Jessica Rohr | Individual | Oppose | Written Testimony Only |

Comments:

I, Jessica Rohr, am submitting testimony for HB2477 on behalf of myself and my son, who's family's income is dependent on a charter fishing operation. I oppose this bill due to the number of added costs to small business owners and the lack of clarity on those costs. This will disproportionately affect lower grossing operations like charter fishing boats that are already struggling with high cost of doing business. Thank you.

HB-2477-HD-1

Submitted on: 2/24/2024 7:58:46 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|----------------|
| Shawn Rotella | Individual | Oppose | In Person |

Comments:

There are many points to this bill I find not acceptable. The first point of interest is, that the procedure and process by which Ed Underwood and the Dlnr have gone about introducing this bill should never be rewarded. There has been such minute dialogue with the stakeholders as well as the community prior to the introduction of this bill. It's truly an insult to the representatives who have to now hear from an uninformed and upset amount of their constituency. As many of us stakeholders have conversed over the last few weeks, we have all had excellent ideas that would not only be supported by the community but would make this whole process much easier for all. I have had direct conversations with Mr. Underwood and have been told this isn't about boating. It's about the shore line activity and surf schools. A group of us have conversed with the shore line and surf schools to find that Mr. Underwood has told them the exact opposite. There is no transparency, no trust, and a complete lack of responsibility.

Here is what I see that is still concerning in the bill:

- An added application fee and a renewal fee. There is no language that states how this fee is assessed. Currently, there is no fee for either.
- Recreational mooring fees will no longer be based on the length of the vessel holding the permit. This bill allows the department to hire a state-licensed appraiser to set the value (cost) of all slips and moorings in the state. This will increase the fee for recreational mooring holders, not including the new CAM fee. This will also increase the base commercial fee for all commercial use permit holders not operating off a ramp. This would also have potential to drive up cost much like land in Hawaii considerably pricing out the local citizens of any chance of running a business or acquiring a recreational slip.
- An added utilities fee for but not limited to water, electricity, and common area maintenance. This is also open-ended. Are they taking into consideration the recreational user's water and land use in these fees? Are they able to separate what permit holders are using versus all water, electricity, and land use of all harbor users in the bathrooms and ramp boat wash-down?
- Section 2 (g) – Talks about any “new” permits being issued in an ocean recreation management area (ORMA) shall be auctioned off by the department. This is the rule that is the most unsettling and open-ended. HB2476 makes 100% of the coastal waters of the state an ORMA. DOBOR says they absolutely need this to deal with the surf schools and the future manta permits on Hawaii Island...ok. But then will the department just start making every bay, mooring, dive site, and snorkel area a “new permit” inside the all-encompassing ORMA?

There is no definition of a new permit versus the renewal of an existing permit as far as I can

tell. Every year my permit expires and I have to renew that permit. Will that be considered a new permit?

Too much open ended and vague language in this bill. It would be absolutely irresponsible to let it continue its course.

HB-2477-HD-1

Submitted on: 2/24/2024 10:01:34 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Michael DeRego | Individual | Oppose | Written Testimony Only |

Comments:

Aloha Chair Yamashita:

My name is Mike DeRego and have been a professional -charter fishing captain for over 50 years. Our business is a family business that was established by my Dad John, and Uncle Eddie in 1948. I presently have a commercial permit in Honokohau Harbor.

We are very much opposed to this bill. The bill shows no stakeholder input at all. In our discussions with Mr. Underwood, he assured us that the intent of this bill was aimed at the shoreside permit holders, surf schools, kayak rentals etc. If this was indeed the case, then why did Mr. Underwood include issues that pertain solely to slip holders? I would seem to our group, that if the shoreside permit holders were the target, then write the bill pertaining solely to shoreside permit holders and leave slip holders issues out.

Interestingly enough, in our discussions with a couple of shoreside permit holders from the Kona area, in their discussions with Mr. Underwood, Mr Underwood assured these shoreside permit holders that the major aim of bill 2477 was the commercial permit slip holders statewide. How can Mr. Underwood promise one group the bill pertains mainly to the shoreside permit holders and the next discussions contradict himself and tell the shoreside permit holders 2477 aims at the harbor permit holders.

This kind of “gamesmanship” and the lack of DLNR desire to seek out stakeholder input, make all longtime stakeholders very skeptical of this poorly written 2477 and the intent of this bill as well the intentions of DLNR leadership. It’s true, there have been a number of contentious and near “unAmerican “ provisions removed from 2477. However, the language of the bill is very ambiguous, vague and leaves too much room for misinterpretation.

Here a number examples: 1. HB2477 provides for a”state licensed appraiser” to set the value of the recreational slips. All born here are very aware of how property values have escalated pushing many local families out of the housing market and forcing these families to move away from their homes here in Hawaii. What do think this appraisal will do? Exactly the same, it will price the recreational local boater right out of the marinas. What’s more frightening here, is our marinas are in poor to in some cases terrible shape. Some, like Honokohau are

worse than marinas in third world countries. In my case, I was without water service for 8 days. We still, after 10 months of complaining and submitting request to repair and are still without lights around our boats. None of us are paying more for proper service with proper facilities.

Furthermore my concern here, and the bill hints towards it, the appraisal would then allow DLNR to raise our commercial rates, something Mr. Underwood promised he would not do.

In this case, my suggestion would be to increase the recreational fee to the equivalent of the commercial users. Because the commercial permit holders also pay 3% of their monthly gross, the commercial permit holder would still be paying more than the recreational permit holder. How much more revenue would this bring DLNR? Better yet no added expense in hiring an appraiser.

2. HB 2477 allows for a renewal fee for our permits. The language is vague and potentially allows DLNR to impose a renewal fee that is outrageous. If DLNR approached the stakeholder, a reasonable and acceptable fee could be agreed upon and written specifically in this bill.

3. HB 2477 also allows a CAM fee to be imposed. No details on how this is going to be done. In my case, I paid for the installation of electrical service and I pay HECO monthly for my usage. For the most part, Honokohau does not have DLNR owned electrical service. All permit holders installed power at their individual expense. Water usage is another issue. How do you separate boat ramp usage of fresh water versus that of the slip holders. This provision again shows the lack of insight and no stakeholder input. The provision also talks about common area ground maintenance. All of us would love ground maintenance. Presently, I pay my crew to maintain the grounds around my boat because DLNR has never maintained these areas. In fact the coconut tree that sits on state property on the roadway outside my boat needed to be trimmed. I paid someone to remove the coconuts because of my fear that a coconut might fall and hit a client. If DLNR could guarantee and agree to maintaining the facilities, most would be happy to pay more and our share.

Because HB 2477 is so poorly written, vague, and does not address the issues directly, we are asking that HB 2477 be tabled. If DLNR's intention is to correct shoreside permit holder issues, a bill should be proposed that directly addresses the shoreside activities.

The same rationale applies to slip holders. Conduct stakeholder meetings statewide, address the issues at hand with stakeholders and work out a proposal that is clear, not vague, and is fair to the stakeholders as well as the state of Hawaii. When Kewalo went private, I was an integral part of the process to work out rules that stakeholders and the landlord could live with. With good communication and eventual compromise, rules were written that all parties could live with.

HB 2477 shows no input by stakeholders and is an ambiguous piece of legislation that needs to be voted down.

Mahalo for your time,

Capt. Mike DeRego

HB-2477-HD-1

Submitted on: 2/25/2024 3:19:01 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| victoria martocci | Individual | Oppose | Written Testimony Only |

Comments:

HB2477 HD1

Opposition Testimony for HB2477 HD1

Victoria Martocci

Lahaina, HI

02/25/2024

Chair Kyle Yamashita

Vice-Chair Lisa Kitagawa

House Committee on Finance

Dear Chair Yamashita & Vice-Chair Kitagawa,

RE: HB2477 HD1

I am writing to express opposition to HB2477 HD1. This bill will hurt Hawaii's small business, which we should support. Even with amendments, this bill is too ambiguous and over-reaching that it should not be allowed to progress. The ammendments are not enough. Rather than scapegoating the rule-following permittees, I ask this committee to put DLNR to task utilizing the tools already at its disposal: to enforce against non-permitted commercial activity.

Sincerely,

Victoria Martocci

HB-2477-HD-1

Submitted on: 2/25/2024 8:39:40 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Andy Mezirow | Individual | Oppose | Written Testimony Only |

Comments:

Thank you for allowing me to provide written testimony in opposition to HB 2477 HD1. In looking at this bill, it seems to be trying to address a litany of DOBAR related financial and management problems real or perceived. In my 30 years of experience in making public policy, this seems like a bill that was poorly thought out and then modified to try to save what parts it could. I am testifying today about the various fee increases proposed to recreational users of the Honokohau Harbor, of which I am a slip holder. It looks like DOBAR is trying desperately to raise more money for its operations, if that is the case, then create a new fee structure for slip holders that has a publicly noticed, incremental change to fees, not an entirely new, undefined, process that has no limits in place. Creating open ended increases in slip fees, electric, water and maintenance, create an environment where there is no incentive to maintain a budget and instead DOBAR can just continue to raise whatever fees it see's fit forever. That is no way to run a harbor and it disrespectful to people who waited many years to get a slip and have made a conscious decision to support the community by buying locally and paying harbor use fee's that are comparable to other harbors. Furthermore, it is unclear how you are going to assess usage fees for water, maintenance and other utilities. You can charge slip holders more than they using and you have no way of measuring individual water use from slip holders or those using the upland boat washing stations. In conclusion, please send this mess back to the drawing board and define the needs of DOBAR, and try to solve whatever problems there are, one at a time, by thinking though a more transparent and measured process. If you pass this ill conceived omnibus style HB2477 HD1 as its written, I promise you, I will not longer keep my boat in the harbor. This bill is creating an environment that will further exclude hard working Hawaiians from accessing the harbor, marine resources and the oceans and leaving the harbor and the ocean to be a theme park for wealthy visitors

HB-2477-HD-1

Submitted on: 2/25/2024 9:07:41 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Jonny Riggs | Individual | Oppose | Written Testimony Only |

Comments:

Opposed. This bill will take away from small business and give monopoly to larger businesses. We need to support small business in Maui. It's hard enough surviving here and don't want only a few to succeed.

HB-2477-HD-1

Submitted on: 2/25/2024 9:29:48 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Melvin Stout | Individual | Oppose | Written Testimony Only |

Comments:

HB2477 HD1

Opposition Testimony for HB2477 HD1

Melvin Stout

Lahaina, HI

02/25/2024

Chair Kyle Yamashita

House Committee on Finance

Dear Chair Yamashita,

RE: HB2477 HD1

I am writing to express opposition to HB2477 HD1. This bill will hurt Hawaii's small business, which we should support. Even with amendments, this bill is too ambiguous and over-reaching that it should not be allowed to progress.

Sincerely,

Melvin Stout

HB-2477-HD-1

Submitted on: 2/25/2024 9:43:49 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Deborah Lee | Individual | Oppose | Written Testimony Only |

Comments:

Aloha.

I am writing to oppose HB2477.

Passing this bill would be a mistake as it would lead to a market where only the very rich could conduct business.

This bill would be an enemy to free enterprise and it would steal any chances for an individual to start a business from the ground up.

Please look at other ways of limiting commercial activity if that is what you are aiming for. setting a limit to the number of new permits given out is one way to achieve this.

As you are probably aware, many auctioned permits end up costing close to a million dollars. No ordinary citizen can afford that, and this bill will kill many opportunities before they even begin.

I humbly ask the committee, please do not pass HB2477.

Mahalo for your time and consideration.

HB-2477-HD-1

Submitted on: 2/25/2024 9:54:02 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Rachel Dailey | Individual | Oppose | Written Testimony Only |

Comments:

Opposition Testimony for HB2477 HD 1

Rachel Dailey

Lahina, HI

02/25/24

Chair Kyle Yamashita

House Committee on Finance

RE: HB2477 HD1

I am writing express my opposition for HB2477 HD1. This bill will hurt Hawaii's small businesses, which we should support. Even with amandments, this bill is too ambiguous and over-reaching that it should not be allowed to progress.

Sincerely,

Rachel Dailey

HB-2477-HD-1

Submitted on: 2/25/2024 10:03:07 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Jason Novello | Individual | Oppose | Written Testimony Only |

Comments:

Opposition Testimony for HB2477 HD1

I am writing to express opposition to HB2477 HD1. This bill will hurt Hawaii's small business, which we should support. Even with amendments, this bill is too ambiguous and over-reaching that it should not be allowed to progress.

Sincerely,

Jason Novello

HB-2477-HD-1

Submitted on: 2/25/2024 11:14:23 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

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

Comments:

I am submitting this testimony RE: HB 2477 as opposed based on the manner by which it is written and the clear lack of transparency. Having been a resident of West Maui for 47 years and working in and owning an ocean recreation business for the past 32 I am greatly concerned of passing bills in the legislature that are open ended or leave management or oversight up to interpretation. In fact doing that in any business or any relationship is foolish and only opens the door for misinterpretation and misuse. For this reason and others that follow ***I am against HB2477.***

FEE STRUCTURE- As written the use fee of 3% is acceptable and allows us in the ocean recreation business to not be smacked with large new fees and further hurdles to remaining in business and successfully paying our loans, mortgages and feeding our families. This along with the newly adopted \$1.00 per passenger state wide is a large enough and in fact substantial fee to operate. The portion of this bill that creates great concern is the opaque and open ended portion that allows for governmental unchecked and at will possible levying of additional fees due to "Impact of activity" and fees due to natural resources and public access. Again, this is so broad that it allows nearly endless interpretation, cause, fees and areas for personal or judgement calls. I urge the committee to please remove this portion and move forward with resubmittal and/or clear identification of terms, impacts and fees associated. If this were a contract counsel would surely comment that it is vague, unmanageable and unreasonable.

NEW PERMIT ASSIGNMENTS- Under the proposed language all existing permits would be continued and transferrable however any "new" permits would go to auction. I am not in favor of the auction part of decisions based for awarding new permits for several reasons. These include:

Again, it is quite open ended for the potential negative impact of existing operators that have had access to an area or manner of operation which suddenly becomes a "new" permitted function or access. This effectively puts an existing operator in a position to lose access, need to completely change their manner of operation or borrow more money, get in line and make a bid simply to retain access or operations. Also, an "auction" style of permit or access award is by nature fraught with possibly unintended consequences and complications. It is granting access to those with the most gold that can throw out a number and suddenly be in business. This does not take into consideration their geographic location (*mainland owner with absentee operations*), potential criminal or legal background concerns, interest or hobby style of new operations, disparity impact on other long standing, responsible businesses and many other possibly very negative factors all for "*the highest bidder*". Lastly, the other thing this proposed

new proposal eliminates is a generational system of "*wait list*" that has been in place and working well. For any of those that have "*stood in line*" and paid their fees to the state to remain on a waiting list for two, five, ten, twenty five years it principally says "thank you for the money we've charged you for all of these years but sorry we've now changed everything and your money and patience mean nothing. Hopefully you can find a backer because we're now taking whomever has the best offer. Beyond if this is potential even not legal this is just not right or fair in any manner.

Having received late notice of this need to testify and write this on a Sunday afternoon I'm sure it will contain run-on sentences and grammatical errors. My apologies for those. Thank you for considering this written testimony and "not" passing HB #2477 as written.

HB-2477-HD-1

Submitted on: 2/25/2024 11:42:09 AM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Nohealani Watts | Individual | Oppose | Written Testimony Only |

Comments:

Opposition Testimony for HB2477 HD1

Nohealani Watts

Kailua-Kona, HI;

former Lahaina small business employee

02/25/2024

Chair Kyle Yamashita

House Committee on Finance

Dear Chair Yamashita,

RE: HB2477 HD1

I am writing in opposition of HB2477 HD1. Hawaii's small businesses will be negatively impacted and are facing too many challenges as is. Even with amendments, this bill is too ambiguous and over-reaching that it should not be allowed to progress.

Sincerely,

Nohealani Watts

HB-2477-HD-1

Submitted on: 2/25/2024 12:11:48 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Michael Patmas | Individual | Oppose | Written Testimony Only |

Comments:

The problem with this bill is that it paves the way for wealthy corporations to dominate commercial ocean recreation while less affluent residents trying to start a small business are priced out of the market. What's to stop Trilogy or some mainland corporation from buying every new permit? Hawaii needs commercial ocean recreation, especially SCUBA operators to train and deploy an army of divers to clean up our marine ecosystem. Only SCUBA divers can do that. Who else brings up hundreds of pounds of trash, lead weights, hooks, fishing line etc? I would urge a system the facilitates opportunity for new, small businesses to have a chance to compete. Give locals a chance to start a new business! Give the small guy a chance!

HB-2477-HD-1

Submitted on: 2/25/2024 12:37:46 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------------------------------|--------------|--------------------|---------------------------|
| Alexander John Lilikalani McGuire | Individual | Oppose | Written Testimony Only |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitagawa, and Members of the Committee on Finance,

I am writing to voice my strong opposition to HB2477 HD1, which seeks to revise the way fees applicable to commercial ocean operators are assessed and allows the department to issue certain new commercial use permits by public option.

Specifically, this bill introduces language which mandates that commercial operators pay fees that will be determined based upon the "impact of the activity" on natural resources and public access. The way the bill is written, it is vague, ambiguous and allows too much subjectivity into determining the fee assessments for commercial ocean operators. This lack of clear and objective criteria opens up the door to potentially inconsistent determinations, unfair treatment of operators and simply places too much power in the hands of unelected officials without any real system of checks and balances.

The mandate for all "new" permits to be issued through public auctions is also very concerning, especially to those longstanding operators that have helped to develop the industry. This bill sets up a system where locations that have been used by local operators for years may no longer be accessible to those same operators because they have been outbid by a company that has no experience or history in the *local* industry. Commercial ocean operators have boats that range from a 6 pack (6 guests or less) to over 100 passengers per vessel. How is a 6 pack operator expected to outbid an operator whose boat can take 100+ guests? It appears that the legislation is intended to create an oligopoly where only a few key players would benefit, many of which would most likely be owned or financed by out-of-state money. Out-of-state owners and/or financiers do not keep their profits circulating within the local community, they take it out of the local community. Small businesses that are owned and operated by members within the community historically keep and spend more of that money in the local community. The system for securing a "new" permit should take into consideration other important factors, such as but not limited to track record of the business, seniority, service to the community, etc... As the bill is currently proposed, it doesn't take any of those into account, only money.

Both of these items contained in the bill raise significant concerns regarding fairness, transparency and the viability of local small businesses. I urge the Committee to reconsider these provisions as the best option is to simply not pass the bill as it does *not* work towards a more equitable solution that balances the interests of *all* stakeholders.

Mahalo,

Alexander John Lilikalani McGuire

HB-2477-HD-1

Submitted on: 2/25/2024 1:32:57 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Trevor | Individual | Oppose | Written Testimony Only |

Comments:

I oppose.

Fix the Sand Island boat ramp pier.

HB-2477-HD-1

Submitted on: 2/25/2024 1:41:54 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Robert Cherry | Individual | Oppose | Written Testimony Only |

Comments:

To whom it may concern,

My name is Robert Cherry, I own and operate Cherrys Big Island Charters Inc. which is a charter fishing operation run solely by myself. This bill is a direct threat to my livelihood and I don't understand how the state of Hawai'i can do this to small business. The transparency of this bill is lacking and very open ended. How can we be okay with this?? How will our slips be appraised? Will the area behind my slip be apart of the appraisal? I hope not since I already pay a rental fee and property tax on. This also doesn't make sense but that's another issue. I also have to have the Hale insured. So at this point I can only assume the appraisal will be from edge of dock to mooring ball? I shouldn't have to wonder how these new fees are based. How can we pass a bill that has zero transparency? There are many more financial concerns attached to bill HB2477. Please put an end to this bill!!

HB-2477-HD-1

Submitted on: 2/25/2024 1:46:30 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Conrad Tirre | Individual | Oppose | Written Testimony Only |

Comments:

I oppose this bill

HB-2477-HD-1

Submitted on: 2/25/2024 2:01:44 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Bethany Fuller | Individual | Oppose | Written Testimony Only |

Comments:

Dear Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee,

I am writing to express our opposition to HB2477 HD1.

Although the bill has been taken into consideration I believe there is a long way to go before protection of the people it will effect is reached. Broad terms continue to riddle the bill giving total control to the DLNR as they seem fit. We know the issues at hand and yet they cannot come out with a clear bill with exact numbers and clear and understandable use of terms.

Firstly, the bill introduces language allowing fees to be determined based on the "impact of the activity" on natural resources and public access. This introduces a significant degree of subjectivity into fee assessments, which could lead to inconsistent determinations and potentially unfair treatment of operators. It is imperative that any fee structure be based transparency in assessing fees for commercial ocean operators.

Secondly, the mandate for all "new" permits to be issued through public auctions raises serious concerns, particularly regarding the potential impact on longstanding operators. With the proposed auction system, there is a risk that the highest bidder, rather than the most senior company, would gain access to these sites. This not only undermines the efforts and investments of local businesses but also opens the door for mainland buyers to simply outbid longstanding operators, thereby disrupting the local economy and community.

The state of Hawaii continues to have issues when grouping all counties, harbors and businesses into one group. It is a uniques mix of businesses whether it be sizes, locally owned or not, what type of services offered, and locations and harbor types. I believe there are MANY issues fueling the decisions of the DLNR and continuing to impact all businesses for the actions or issues of some is causing major problems. Funding wise we know the money that we pay and yet because it goes to the state as a whole instead of individual counties the harbors and communities aren't seeing it ever. I believe the State needs to audit the DLNR and try to come up with a plan not only to determine how to protect local business owners and permit holders, but to designate funding evenly between counties.

In conclusion, the proposed fee structure and auction system raise significant concerns regarding fairness, transparency, and the protection of local businesses. In the end we all want a better

Hawaii, safer ocean, and job security. WHEN the State of Hawaii has designated a plan on how to transition to being less reliant on tourism THEN we begin the discussions, not beforehand.

Mahalo,

Bethany

HB-2477-HD-1

Submitted on: 2/25/2024 2:10:08 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|----------------------|
| Klayton Kubo | Individual | Oppose | Remotely Via Zoom |

Comments:

Oppose

HB-2477-HD-1

Submitted on: 2/25/2024 2:10:46 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Koali Fuller | Individual | Oppose | Written Testimony Only |

Comments:

My mom and dad work on the NaPali Coast. They put evrything our family has into this business. Someday I will run this buisness with my brother. Its the most security our family has ever had. If the DLNR allows an auction we will have nothing left for our family. I will not have the future that my parents worked so hard to make for me.

If the DLNR is allowed to raise fees whenever they want Then by the time Im old enough to run my buisness I may not be able to afford them. There are so many different sizes of buisnesses and a one size fits all solution is not fair.

Thank you

HB-2477-HD-1

Submitted on: 2/25/2024 2:30:00 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Ty Burnett | Individual | Oppose | Written Testimony Only |

Comments:

Opposition Testimony for HB2477 HD1

Tyrone Burnett

Lahaina, HI

02/25/2024

Chair Kyle Yamashita

House Committee on Finance

Dear Chair Yamashita,

RE: HB2477 HD1

I am writing to express opposition to HB2477 HD1. It will limit small businesses' ability to continue in the future, and cause an increase to the unemployment in the state.. This will have a negative impact on our community's economy, as many locals will lose their jobs.

Even with amendments, this bill is too ambiguous and over-reaching that it should not be allowed to progress.

Sincerely,

[Tyrone Burnett]

Aloha Chair Yamashita, Vice Chair Lisa Kitigawa, and Members of the Committee on Finance,

My name is Ashley Palacio-Ono, As many others before me have, I am writing in opposition of bill HB2477 HD1. Aside from the personal friends I have in the small boating industry, I know there are thousands of lives across the State of Hawai'i that could be negatively impacted by the passing of this detrimental bill.

The bill itself as it reads now is poorly and vaguely written regarding impact fees on a plethora of issues such as:

- Permitted activities relating to natural resources
- Public access to and use of State boating facilities and
- Coastal use of State waters
- Determination of Administrative Cost for the small boat harbors and coastal area programs

Not only is the bill talking about land and sea areas, but the bill also raises ample amount of questions and concerns that need to be addressed. Furthermore, any fee structure introduction or change within the commercial ocean operations should be written with clearly and transparently to ensure fairness across the board.

Additionally, there is great concern with how new permits will be handled in relation to those that already have them. Under an auction system, there is a considerable risk that the highest bidder, rather than the most senior company, continues the established business. This invites mainland buyers to outbid long standing local operators which can cause negative effects to the economy and community as well as the access and sensitivity to areas used by Native Hawaiian practitioners in which local operators use respectfully today.

I am confident that there is a solution to the rewrite of the bill that does not involve its current damaging intentions. Please welcome talks with the commercial operating community to a conversation about solutions for a better-amended bill that include fairness and transparency, along with the protection of all shoreline activities/businesses, not in the way the State is currently proposing. I urge the Committee to defer the issue back to DLNR for further discussion with all boaters (commercial and recreational) that operate within the ORMA's of State Waters.

Mahalo,
Ashley

HB-2477-HD-1

Submitted on: 2/25/2024 3:02:23 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Dee Bradford | Individual | Oppose | Written Testimony Only |

Comments: There are many points to this bill I find not acceptable. The first point of interest is, that the procedure and process by which Ed Underwood and the DLNR have gone about introducing this bill should never be rewarded. There has been such minute dialogue with the stakeholders as well as the community prior to the introduction of this bill. It's truly an insult to the representatives who have to now hear from an uninformed and upset amount of their constituency. As many of us stakeholders have conversed over the last few weeks, we have all had excellent ideas that would not only be supported by the community but would make this whole process much easier for all. I have had direct conversations with Mr. Underwood and have been told this isn't about boating. It's about the shore line activity and surf schools. A group of us have conversed with the shore line and surf schools to find that Mr. Underwood has told them the exact opposite. There is no transparency, no trust, and a complete lack of responsibility. Here is what I see that is still concerning in the bill:

- An added application fee and a renewal fee. There is no language that states how this fee is assessed. Currently, there is no fee for either.
- Recreational mooring fees will no longer be based on the length of the vessel holding the permit. This bill allows the department to hire a state-licensed appraiser to set the value (cost) of all slips and moorings in the state. This will increase the fee for recreational mooring holders, not including the new CAM fee. This will also increase the base commercial fee for all commercial use permit holders not operating off a ramp. This would also have potential to drive up cost much like land in Hawai'i considerably pricing out the local citizens of any chance of running a business or acquiring a recreational slip.
- An added utilities fee for but not limited to water, electricity, and common area maintenance. This is also open-ended. Are they taking into consideration the recreational user's water and land use in these fees? Are they able to separate what permit holders are using versus all water, electricity, and land use of all harbor users in the bathrooms and ramp boat wash-down?
- Section 2 (g) – Talks about any “new” permits being issued in an ocean recreation management area (ORMA) shall be auctioned off by the department. This is the rule that is the most unsettling and open-ended. HB2476 makes 100% of the coastal waters of the state an ORMA. DOBOR says they absolutely need this to deal with the surf schools and the future manta permits on Hawai'i Island...ok. But then will the department just start making every bay, mooring, dive site, and snorkel area a “new permit” inside the all-encompassing ORMA? There is no definition of a new permit versus the renewal of an existing permit as far as I can tell. Every year my permit expires and I have to renew that permit. Will that be considered a new permit? Too much open ended and vague language in this bill. It would be absolutely irresponsible to let it continue its course. Mahalo Capt. Shawn Rotella

HB-2477-HD-1

Submitted on: 2/25/2024 3:21:04 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Jennifer Nobrega | Individual | Oppose | Written Testimony Only |

Comments:

The lack of communication in the part of DOBOR is unacceptable and should not be rewarded.
Therefore I oppose this bill

HB-2477-HD-1

Submitted on: 2/25/2024 3:29:47 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Rachel Domingo | Individual | Oppose | Written Testimony Only |

Comments:

I am writing to express my vehement opposition to the proposed legislation, as outlined in the document titled "RELATING TO COMMERCIAL OCEAN RECREATION OPERATIONS." While I understand the Department of Land and Natural Resources' concerns about over-commercialization and the need for effective ocean recreation management, I believe that the proposed Act is deeply flawed and raises serious concerns.

First and foremost, the proposed legislation seeks to revise fees applicable to commercial ocean operators without adequately considering the potential consequences for small businesses and entrepreneurs. The imposition of additional fees, particularly the introduction of a public auction system for commercial use permits, could disproportionately burden small operators, stifling innovation and economic growth in the ocean recreation sector.

The Act's attempt to prevent the transfer of commercial use permits upon a change in legal ownership is a severe overreach that could negatively impact the livelihoods of business owners and their employees. The proposed restrictions on permit transfers go against the principles of a free-market economy and individual property rights. By limiting the ability of permit holders to transfer ownership, the Act introduces unnecessary constraints on business transactions, hindering economic flexibility and growth.

Furthermore, the Act's provision to issue new commercial use permits by public auction creates an environment of uncertainty for existing permittees. Denying renewal opportunities to those who have diligently adhered to existing regulations and restrictions is unfair and may result in the unwarranted disruption of established businesses. The auction process, while intended to address over-commercialization concerns, risks favoring larger, wealthier operators, further marginalizing smaller enterprises.

The proposed legislation also fails to address the core issue of inadequate funding for the Department of Land and Natural Resources to proactively manage and enforce ocean recreation regulations. Instead of focusing on revenue generation through increased fees and auctions, lawmakers should prioritize securing sufficient funding for the department to effectively carry out its responsibilities, including monitoring and addressing environmental impacts.

In conclusion, I strongly urge you to reconsider and revise the proposed legislation, taking into account the concerns raised above. Balancing the need for effective ocean recreation

management with the protection of small businesses and individual rights is crucial for fostering a thriving and sustainable marine industry in Hawaii.

Thank you for your attention to this matter. I trust that you will carefully consider the implications of the proposed Act and work towards a solution that promotes a fair and equitable environment for all stakeholders in the ocean recreation sector.

HB-2477-HD-1

Submitted on: 2/25/2024 4:47:13 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|----------------|--------------|--------------------|------------------------|
| Kevin Campbell | Individual | Oppose | Written Testimony Only |

Comments:

I am Captain Kevin Campbell and I am writing to note my strong opposition to HB-2477. For 10 years I was crew and captain for charter boats out of Lahaina until we were burned out. I have a new marriage, baby, and a now have relocated to Kona. Using my life savings (and then some), we purchased a small charter boat business and permit operating out of the Honokohau Marina and Small Boat Harbor. We are a young family who care about the ocean, Hawaii and our family. We are the kind of residents that Hawaii needs. This bill threatens our livelihood and has us scared for our future.

it is clear that when craft their legislative bills, DOBOR needs to do a better job consulting with the ocean recreation industry they serve as landlord and regulator, as well as the public stakeholders who engage in ocean recreation and utilize DOBOR facilities and DOBOR-regulated ocean areas.

what is still concerning in the bill:

- An added application fee and a renewal fee. There is no specific language that states how this fee is assessed. Currently, there is no fee for either.
- Recreational mooring fees will no longer be based on the length of the vessel holding the permit? This bill allows the department to hire a state-licensed appraiser to set the value (cost) of all slips and moorings in the state. This will increase the fee for recreational mooring holders, not including the new CAM fee. This will also increase the base commercial fee for all commercial use permit holders not operating off a ramp.
- An added utilities fee for but not limited to water, electricity, and common area maintenance. This is also open-ended? Are they taking into consideration the recreational user’s water and land use in these fees? Are they able to separate what permit holders are using versus all water, electricity, and land use of all harbor users in the bathrooms and ramp boat wash-down?
- Section 2 (g) – Talks about any “new” permits being issued in an ocean recreation management area (ORMA) shall be auctioned off by the department. This is the rule that is the most unsettling and open-ended. HB2476 makes 100% of the coastal waters of the state an ORMA. DOBOR says they absolutely need this to deal with the surf schools and the future manta permits on Hawaii Island...ok. But then will the department just start making every bay, mooring, dive site, and snorkel area a “new permit” inside the all-encompassing ORMA? There must be a better way to handle this. We urge you to not approve this bill, to consider input from industry, and to revise it so that existing business are not at risk. We operate a small (6-pak) charter company out of Honokohau Marina and Small Boat Harbor.

We are adamantly opposed to both HR-2476 and 2477.

Sincerely,

Captain Kevin Campbell