

STAND. COM. REP. NO. 3360

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 649
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Water, Land, Culture and the Arts, to which was referred H.B. No. 649, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SMALL BOAT HARBORS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Small Boat Harbor Commercial Vessel Special Fund;
- (2) Increase moorage fees for commercial vessels;
- (3) Require that revenue from the fee increase be used by the Department of Land and Natural Resources for improvements that primarily benefit commercial vessels that utilize state small boat harbors;
- (4) Authorize the issuance of general obligation bonds with debt service to be paid from special funds, for repairs of various harbors; and
- (5) Appropriate funds.

Your Committee received testimony in support of this measure from two individuals.



Your Committee received testimony in opposition to this measure from the Ocean Tourism Coalition; Maui Classic Charters; Sea Paradise; Maui Pacific Divers; Fair Wind Cruises; Kona Sunrise Charters; Expeditions; Sailing Maui Inc.; Activities and Attractions Association of Hawaii, Inc.; Outfitters Kauai, Ltd.; Capt Andy's Sailing; Calypso Charters; Idle Wild Charters, Inc.; Atlantis Submarines-Maui; Hawaii Ocean Rafting; Maita'i Catamaran; Sea Sport Cruises; Kohala Divers; Body Glove Cruises; Kona Snorkel Trips; Sailing Shipps, Ltd.; Island Splash Tours; Jack's Diving Locker; Maui Chamber of Commerce; Diamond Head Cruises; Hawai'i Snorkel & Dive LLC; and twenty-three individuals.

Your Committee received comments on this measure from the Department of Land and Natural Resources.

Your Committee finds that the Division of Boating and Ocean Recreation (DOBOR) under the Department of Land and Natural Resources manages the Small Boat Harbor Program, which includes the plans, development, operation, administration, and maintenance of small boat harbors, launching ramps, and other boating facilities throughout the State. Unfortunately, the Boating Special Fund, which provides funding to DOBOR, currently contains insufficient funds to address all small boat infrastructure needs, forcing DOBOR to defer needed repair and maintenance projects and request support through the Capital Improvement Project (CIP) budget. This measure will provide additional funding to improve the self-sufficiency of DOBOR and enhance the recreational resources available to the public.

Your Committee notes the concerns raised in testimony by commercial vessel operators that the increase in mooring fees would prove too much for local businesses, many still struggling with the decline in industry from the 2023 Maui wildfires. Your Committee also notes the concerns raised in testimony by the Department of Land and Natural Resources that the purpose of the proposed Small Boat Harbor Commercial Vessel Special Fund will be practically impossible to carry out due to the intertwining of commercial and non-commercial permittees throughout all small boat harbors, and that the proposal to authorize the issuance of general obligation bonds with service to be paid from special funds to fund ocean-based CIPs will decrease the available special fund revenue and hinder DOBOR's ability to quickly respond to



sudden, catastrophic events. Your Committee confirms that the recommendation raised in testimony by the Department of Land and Natural Resources to adopt language from H.B. No. 2477, H.D. 1 (Regular Session 2024), which is a substantially similar measure, would be appropriate to address these concerns.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of H.B. 2477, H.D. 1 (2024), a substantially similar measure, which:
 - (A) Revises the way fees applicable to commercial ocean operators are assessed; and
 - (B) Allows the Department of Land and Natural Resources to issue certain new commercial use permits by public auction;
- (2) Deleting language that would have required all new commercial use permits issued for commercial ocean recreation activity occurring in an ocean recreation management area, as defined by law or rule and except as provided in section 200-37(1), Hawaii Revised Statutes, to be issued by public auction;
- (3) Amending section 1 to reflect its amended purpose; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Water, Land, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 649, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 649, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Water, Land,
Culture and the Arts,

A handwritten signature in black ink, appearing to be 'Chris Lee', written over a horizontal line.

CHRIS LEE, Chair



