SENATE RESOLUTION

REQUESTING THE DEPARTMENT OF TRANSPORTATION TO PROVIDE FUNDING TO WATER CARRIERS FOR THE PURPOSE OF PROVIDING FINANCIAL ASSISTANCE TO MAINTAIN ROUTES AND LINES OF SERVICES WITHIN THE STATE AND TO CONVENE A WORKING GROUP TO RECOMMEND MID- AND LONG-TERM SOLUTIONS TO ENSURE CONTINUOUS WATER CARRIER SERVICE THROUGHOUT THE STATE.

WHEREAS, the COVID-19 pandemic is causing a significant decrease in interisland cargo volumes that has put financial stress on all forms of interisland transportation of goods and property; and

WHEREAS, for counties with populations of less than five hundred thousand, interisland cargo transportation is a life-line for the residents and businesses in those counties and an interisland tug and barge service is essential to the State's economic recovery from the COVID-19 pandemic's deleterious statewide economic effects; and

WHEREAS, it is in the State's best interests for the State of Hawaii to provide financial assistance to any interisland water carrier of property holding a Certificate of Public Convenience and Necessity pursuant to Chapter 271G, Hawaii Revised Statutes, which has suffered significant financial harm due to the economic effects of the COVID-19 pandemic; and

WHEREAS, it is in the public interest for the State to provide subsidies to interisland cargo carriers to offset the costs incurred by those carriers as a result of providing cargo carrier services to ports serving counties within the State having a population of less than five hundred thousand, and to address the impacts of the COVID-19 pandemic and to ensure the continued operations of an interisland tug and barge service to advance the State's economic recovery from the COVID-19 pandemic's statewide economic effects; and
WHEREAS any funds provided as financial assistance to any interisland water carrier of property holding a Certificate of Public Convenience and Necessity that has suffered significant financial harm due to the economic effects of the COVID-19 pandemic are to be used by the water carrier for operating expenses, excluding payments to any parent company or other affiliates of the same parent company, executive bonuses, profits for the water carrier to which assistance is being provided, or profits for any affiliated business of the water carrier; and it must also be required that certain operations continue for ports serving counties within the State having a population of less than five hundred thousand; now, therefore,

BE IT RESOLVED by the Senate of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2020, that the Department of Transportation and respective counties are requested to address, on or before September 30, 2020, the impacts of the COVID-19 pandemic and to offset costs incurred by any water carrier as a result of providing interisland water carrier service to ports within the State, by providing a combined total of at least $15,000,000 in funding directly to a water carrier for the purposes of providing financial assistance to support the continuation of different routes and lines of services within the State; and

BE IT FURTHER RESOLVED that such funds shall not be used for the following purposes:

(1) As payment in any form or nature to any parent company of the water carrier or affiliate of any parent company of the water carrier, except for tug assist, lease, or charter payments to an affiliate company of the water carrier receiving such funds; provided further, however, that the rates for any such tug assist, lease, or charter must be at or below market rates;

(2) As profits for the water carrier, any parent company of the water carrier, or any affiliate of any parent company of the water carrier;
(3) As repayment of any loan, bond, or other form of indebtedness of any parent company of the water carrier or any affiliate of any parent company of the water carrier;

(4) As payment for any capital expenditure made by any parent company of the water carrier for assets held by the water carrier; or

(5) As payment for executive bonuses; any advertising or marketing, except customer and employee communications; club or membership dues; charitable or political contributions; non-essential business travel; seminars, conferences, or conventions; entertainment expenses; or any other non-operating expenses; and

BE IT FURTHER RESOLVED that on or before August 1, 2020, the Public Utilities Commission, in collaboration with the Department of Commerce and Consumer Affairs' Division of Consumer Advocacy and any interisland water carriers operating in the State, is requested to convene a working group to recommend mid-term and long-term solutions to balance the need for continuous interisland water carrier service throughout the State with the need for water carriers to maintain financial sustainability; and

BE IT FURTHER RESOLVED that the working group consist of:

(1) The Senate President or the Senate President's designee;

(2) The Speaker of the House of Representatives or the Speaker's designee;

(3) The mayor of each county or the mayor's designee;

(4) One representative from the Public Utilities Commission;

(5) One representative from the Department of Commerce and Consumer Affairs' Division of Consumer Advocacy;
(6) One representative from the Department of Business, Economic Development, and Tourism;

(7) One representative from the Department of Transportation;

(8) One representative from the Department of Agriculture;

(9) The chairpersons of the legislative standing committees on transportation;

(10) One representative from each water carrier operating in the State; and

(11) One representative from the International Longshore and Warehouse Union Local 142; and

BE IT FURTHER RESOLVED that the working group is requested to submit a final report of its findings and recommendations, including any proposed legislation, to the Legislature and the Governor no later than twenty days prior to the convening of the Regular Session of 2022; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Senate President; Speaker of the House of Representatives; Chairperson of the Public Utilities Commission; Chairperson of the Board of Agriculture; Director of Business, Economic Development, and Tourism; Director of Commerce and Consumer Affairs; Director of Transportation; chairpersons of the legislative standing committees on transportation; President of Young Brothers, LLC; President of the International Longshore and Warehouse Union Local 142; and the mayor of each county.