

THE SENATE
THIRTIETH LEGISLATURE, 2020
STATE OF HAWAII

S.R. NO. 125
S.D. 1

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.

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

5
6 WHEREAS, for counties with populations of less than five
7 hundred thousand, interisland cargo transportation is a life-
8 line for the residents and businesses in those counties and an
9 interisland tug and barge service is essential to the State's
10 economic recovery from the COVID-19 pandemic's deleterious
11 statewide economic effects; and

12
13 WHEREAS, it is in the State's best interests for the State
14 of Hawaii to provide financial assistance to any interisland
15 water carrier of property holding a Certificate of Public
16 Convenience and Necessity pursuant to Chapter 271G, Hawaii
17 Revised Statutes, which has suffered significant financial harm
18 due to the economic effects of the COVID-19 pandemic; and

19
20 WHEREAS, it is in the public interest for the State to
21 provide subsidies to interisland cargo carriers to offset the
22 costs incurred by those carriers as a result of providing cargo
23 carrier services to ports serving counties within the State
24 having a population of less than five hundred thousand, and to
25 address the impacts of the COVID-19 pandemic and to ensure the
26 continued operations of an interisland tug and barge service to
27 advance the State's economic recovery from the COVID-19
28 pandemic's statewide economic effects; and



1 WHEREAS any funds provided as financial assistance to any
 2 interisland water carrier of property holding a Certificate of
 3 Public Convenience and Necessity that has suffered significant
 4 financial harm due to the economic effects of the COVID-19
 5 pandemic are to be used by the water carrier for operating
 6 expenses, excluding payments to any parent company or other
 7 affiliates of the same parent company, executive bonuses,
 8 profits for the water carrier to which assistance is being
 9 provided, or profits for any affiliated business of the water
 10 carrier; and it must also be required that certain operations
 11 continue for ports serving counties within the State having a
 12 population of less than five hundred thousand; now, therefore,
 13

14 BE IT RESOLVED by the Senate of the Thirtieth Legislature
 15 of the State of Hawaii, Regular Session of 2020, that the
 16 Department of Transportation and respective counties are
 17 requested to address, on or before September 30, 2020, the
 18 impacts of the COVID-19 pandemic and to offset costs incurred by
 19 any water carrier as a result of providing interisland water
 20 carrier service to ports within the State, by providing a
 21 combined total of at least \$15,000,000 in funding directly to a
 22 water carrier for the purposes of providing financial assistance
 23 to support the continuation of different routes and lines of
 24 services within the State; and
 25

26 BE IT FURTHER RESOLVED that such funds shall not be used
 27 for the following purposes:
 28

- 29 (1) As payment in any form or nature to any parent company
 30 of the water carrier or affiliate of any parent
 31 company of the water carrier, except for tug assist,
 32 lease, or charter payments to an affiliate company of
 33 the water carrier receiving such funds; provided
 34 further, however, that the rates for any such tug
 35 assist, lease, or charter must be at or below market
 36 rates;
 37
- 38 (2) As profits for the water carrier, any parent company
 39 of the water carrier, or any affiliate of any parent
 40 company of the water carrier;
 41



- 1 (3) As repayment of any loan, bond, or other form of
2 indebtedness of any parent company of the water
3 carrier or any affiliate of any parent company of the
4 water carrier;
5
- 6 (4) As payment for any capital expenditure made by any
7 parent company of the water carrier for assets held by
8 the water carrier; or
9
- 10 (5) As payment for executive bonuses; any advertising or
11 marketing, except customer and employee
12 communications; club or membership dues; charitable or
13 political contributions; non-essential business
14 travel; seminars, conferences, or conventions;
15 entertainment expenses; or any other non-operating
16 expenses; and
17

18 BE IT FURTHER RESOLVED that on or before August 1, 2020,
19 the Public Utilities Commission, in collaboration with the
20 Department of Commerce and Consumer Affairs' Division of
21 Consumer Advocacy and any interisland water carriers operating
22 in the State, is requested to convene a working group to
23 recommend mid-term and long-term solutions to balance the need
24 for continuous interisland water carrier service throughout the
25 State with the need for water carriers to maintain financial
26 sustainability; and
27

28 BE IT FURTHER RESOLVED that the working group consist of:
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- 30 (1) The Senate President or the Senate President's
31 designee;
32
- 33 (2) The Speaker of the House of Representatives or the
34 Speaker's designee;
35
- 36 (3) The mayor of each county or the mayor's designee;
37
- 38 (4) One representative from the Public Utilities
39 Commission;
40
- 41 (5) One representative from the Department of Commerce and
42 Consumer Affairs' Division of Consumer Advocacy;



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- 1
- 2 (6) One representative from the Department of Business,
- 3 Economic Development, and Tourism;
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- 5 (7) One representative from the Department of
- 6 Transportation;
- 7
- 8 (8) One representative from the Department of Agriculture;
- 9
- 10 (9) The chairpersons of the legislative standing
- 11 committees on transportation;
- 12
- 13 (10) One representative from each water carrier operating
- 14 in the State; and
- 15
- 16 (11) One representative from the International Longshore
- 17 and Warehouse Union Local 142; and
- 18

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

24
 25 BE IT FURTHER RESOLVED that certified copies of this
 26 Resolution be transmitted to the Senate President; Speaker of
 27 the House of Representatives; Chairperson of the Public
 28 Utilities Commission; Chairperson of the Board of Agriculture;
 29 Director of Business, Economic Development, and Tourism;
 30 Director of Commerce and Consumer Affairs; Director of
 31 Transportation; chairpersons of the legislative standing
 32 committees on transportation; President of Young Brothers, LLC;
 33 President of the International Longshore and Warehouse Union
 34 Local 142; and the mayor of each county.

