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# A BILL FOR AN ACT

RELATING TO WORKFORCE DEVELOPMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Ship repair is a critical industry in our  
2 maritime dependent state. Ship repair capability ensures the  
3 safe and timely operation of ships and barges supplying the  
4 Hawaiian Islands. Without this capability, many ships are  
5 required to travel to the mainland for dry docking and repair  
6 which in turn reduces revenues for the State. The ship repair  
7 industry provides critical industrial services, including repair  
8 of engines and generators, welding and metal fabrication,  
9 ventilation and air conditioning, and critical servicing of oil  
10 product transfer buoys and well-paying industrial and technical  
11 job opportunities for the State. However, ship repair  
12 companies in Hawaii have a significant competitive cost  
13 disadvantage with mainland and foreign ship repair entities due  
14 to higher labor and material shipping costs. Sustaining and  
15 supporting a strong maritime repair industry is critical to the  
16 quality of life and prosperity of the State of Hawaii.



1 The Hawaii shipbuilding and repair industry is comprised of  
2 establishments that are primarily engaged in operating small  
3 shipyards, which are fixed facilities with dry docks and  
4 fabrication equipment. Shipyard activities include ship  
5 construction, repair, conversion and alteration, the production  
6 of prefabricated ships, boats, barge sections, and other  
7 specialized services. Hawaii's shipbuilding and repair industry  
8 utilizes local manufacturing and other trades outside of the  
9 shipyard, providing vital jobs that are economically beneficial  
10 to Hawaii.

11 The purpose of this Act is to enhance maritime productivity  
12 and workforce development by establishing a maritime industry  
13 grant program.

14 SECTION 2. The Hawaii Revised Statutes is amended by  
15 adding a new chapter to be appropriately designated and to read  
16 as follows:

17 **"CHAPTER**

18 **MARITIME INDUSTRY GRANT PROGRAM**

19 **§ -1 Definitions.** As used in this chapter:

20 "Department" means the department of labor and industrial  
21 relations.



1 "Qualified shipyard" means a shipyard facility located in  
2 Honolulu Harbor comprised of not more than one thousand two  
3 hundred employees.

4 **§ -2 Maritime industry grant program established.** There  
5 is established within the department a maritime industry grant  
6 program to be developed and administered by the department and  
7 under which the department shall award grants to qualified  
8 shipyards. The department shall accept applications for grants  
9 on forms prescribed and prepared by the department.

10 **§ -3 Eligibility for grants.** (a) The department shall  
11 award grants for the maritime industry grant program based on  
12 criteria that shall be developed by the department; provided  
13 that no grant shall be awarded to a qualified shipyard that has  
14 been in operation for less than five years.

15 (b) Projects eligible to receive grants from the maritime  
16 industry grant program shall include:

17 (1) Capital improvement projects to foster efficiency,  
18 competitive operations, and quality ship construction,  
19 repair, and ship reconfiguration by qualified  
20 shipyards; and



1 (2) Workforce development and training projects to improve  
2 employee skills in the maritime industry.

3 (c) Grants may also be awarded by the department for the  
4 purchase of machinery and equipment; provided that the machinery  
5 and equipment are used in ship repair, ship construction, or  
6 ship reconfiguration.

7 (d) The grant shall not exceed \$ in any year and  
8 only one grant shall be awarded to a qualified shipyard in any  
9 given year.

10 (e) In reviewing grant applications submitted pursuant to  
11 this chapter, the department shall analyze each application to  
12 determine the economic viability of the grant request and the  
13 benefits that will be realized by the State should the grant be  
14 awarded. If the department determines through its analysis that  
15 the grant request is not economically viable or will not be  
16 beneficial to the State, the grant shall not be awarded.

17 **§ -4 Reports.** The department shall submit a report to  
18 the legislature no later than twenty days prior to the convening  
19 of each regular session held in an even-numbered year. The  
20 report shall include:

21 (1) The total number of grant applications received;



- 1           (2) The total number of grants awarded;
- 2           (3) The projected economic and workforce development  
3           benefits expected from the awarding of the grant;
- 4           (4) The actual economic and workforce development benefits  
5           realized from awarding of each grant;
- 6           (5) The total amount of money awarded for each grant; and
- 7           (6) Any other information about the maritime industry  
8           grant program the department deems necessary.

9           **§ -5 Rules.** The department shall adopt rules, pursuant  
10 to chapter 91, to implement this chapter.

11           **§ -6 Exemption from chapters 42F, 103D, and 103F.** The  
12 provisions of chapters 42F, 103D, and 103F shall not apply to  
13 the grants made pursuant to this chapter, but all grants shall  
14 be made only in accordance with standards and conditions  
15 specified in section -3."

16           SECTION 3. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$           or so much  
18 thereof as may be necessary for fiscal year 2016-2017 for the  
19 awarding of grants under the maritime industry grant program  
20 established pursuant to this Act.



1           The sum appropriated shall be expended by the department of  
2 labor and industrial for the purposes of this Act.

3           SECTION 4. This Act shall take effect on July 1, 2091.



**Report Title:**

Maritime Industry Grant Program; Workforce Development;  
Appropriation

**Description:**

Establishes a maritime industry grant program within the department of labor and industrial relations. Establishes criteria for the awarding of grants. Appropriates funds.  
(HB2475 HD1)

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