

---

---

# A BILL FOR AN ACT

RELATING TO THE MARITIME INDUSTRY GRANT PROGRAM.

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

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



1 Hawaii's boatbuilding and ship repair industries consist of  
 2 establishments that are primarily engaged in operating small  
 3 shipyards, which are fixed facilities with dry docks and boat  
 4 fabrication facilities and equipment. Shipyard activities  
 5 include ship construction; repair; conversion and alteration;  
 6 production of prefabricated ships, boats, and barge sections;  
 7 and other specialized maritime-related services. Hawaii's  
 8 boatbuilding and ship repair industries use local manufacturing  
 9 and other trades outside the shipyard, providing vital jobs that  
 10 are economically beneficial 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 title 13 to be appropriately designated  
 16 and to read as follows:

17 **"CHAPTER**

18 **MARITIME INDUSTRY GRANT PROGRAM**

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

20 "Department" means the department of business, economic  
 21 development, and tourism.



1 "Qualified shipyard" means a shipyard facility engaged in  
2 shipyard activities located in a county with a population of  
3 seven hundred thousand or greater comprising not more than one  
4 thousand employees.

5 § -2 Maritime industry grant program; established.

6 There is established within the department a maritime industry  
7 grant program to be developed and administered by the department  
8 and under which the department shall award grants to qualified  
9 shipyards. The department shall accept applications for grants  
10 on forms prescribed and prepared by the department. The  
11 department of transportation shall assist the department with  
12 the maritime industry grant program.

13 § -3 Eligibility for grants. (a) The department shall  
14 award grants for the maritime industry grant program only to  
15 qualified shipyards that:

- 16 (1) Have applied for or received all applicable licenses  
17 or permits;
- 18 (2) Comply with all applicable federal, state, and local  
19 laws, rules, ordinances, and policies;
- 20 (3) Agree not to use state funds for entertainment or  
21 lobbying activities;



1           (4) Allow the department, legislative committees and their  
2           staff, and the auditor full access to grantee records,  
3           files, and other related documents and information for  
4           purposes of monitoring, measuring the effectiveness  
5           of, and ensuring the proper expenditure of the grant;  
6           and

7           (5) Are incorporated under the laws of the State.

8 No grant shall be awarded to a qualified shipyard that has been  
9 in operation for less than ten years.

10           (b) Projects eligible to receive grants from the maritime  
11 industry grant program may include:

12           (1) Capital improvement projects to foster efficiency,  
13           competitive operations, and quality boat construction,  
14           repair, and reconfiguration by qualified shipyards;  
15           and

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

18           (c) Grants may also be awarded by the department for the  
19 purchase of machinery and equipment; provided that the machinery  
20 and equipment are used in boat repair, construction, or boat  
21 reconfiguration.



1 (d) A grant shall not exceed \$ in any year, and a  
2 qualified shipyard shall be awarded only one grant in any given  
3 year.

4 § -4 Reports. The department shall submit a report to  
5 the legislature no later than twenty days prior to the convening  
6 of each regular session held in an even-numbered year, starting  
7 with the first report to be submitted prior to the regular  
8 session of 2018. The report shall include:

- 9 (1) The total number of grant applications received;
- 10 (2) The total number of grants awarded;
- 11 (3) The actual economic and workforce development benefits  
12 realized from the awarding of each grant;
- 13 (4) The total amount of money awarded for each grant; and
- 14 (5) Any other information about the maritime industry  
15 grant program the department deems necessary.

16 § -5 Rules. The department shall adopt rules, pursuant  
17 to chapter 91, to implement this chapter.

18 § -6 Exemption from chapters 42F, 103D, and 103F.  
19 Chapters 42F, 103D, and 103F shall not apply to the grants made  
20 pursuant to this chapter. All grants shall be made in



1 accordance with standards and conditions specified in section  
2 -3.

3 § -7 Maritime industry grant program appropriations.

4 Moneys appropriated for the maritime industry grant program may  
5 be used to pay for the cost of administering, operating, and  
6 marketing the grant program, as determined by the director of  
7 business, economic development, and tourism."

8 SECTION 3. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$ or so much  
10 thereof as may be necessary for fiscal year 2017-2018 and the  
11 same sum or so much thereof as may be necessary for fiscal year  
12 2018-2019 for the establishment and administration of the  
13 maritime industry grant program.

14 The sums appropriated shall be expended by the department  
15 of business, economic development, and tourism for the purposes  
16 of this Act.

17 SECTION 4. This Act shall take effect on July 1, 2038.



**Report Title:**

Workforce Development; Maritime Industry Grant Program

**Description:**

Establishes within the Department of Business, Economic Development, and Tourism the Maritime Industry Grant Program to enhance maritime productivity and workforce development. (HB594 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

