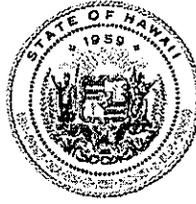


**TESTIMONY**  
**SB 2460**

LINDA LINGLE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
LAURA H. THIELEN  
Chairperson**

**Before the Senate Committees on  
WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS,  
ECONOMIC DEVELOPMENT AND TECHNOLOGY,  
and  
WAYS AND MEANS**

**Monday, February 22, 2010  
10:15 AM  
State Capitol, Conference Room 211**

**In consideration of  
SENATE BILL 2460  
RELATING TO THE KAHOO LAWE REHABILITATION TRUST FUND**

Senate Bill 2460 would require each permit holder to collect a user fee of \$5 from each customer for each activity tour provided within the Molokini Shoal Marine Life Conservation District, and deposit said fees into the Kahoolawe Rehabilitation Trust Fund. The Department of Land and Natural Resources (Department) opposes this bill.

The existing snorkel/dive tours that use Molokini have already been asked to accept increased costs to their businesses through department permit conditions to reduce damage to coral resources there. Given the state of Hawaii's economy, it would be unfair to ask these businesses to shoulder an additional fee on visitors this year.

The Department believes that any future fees for Molokini visitors should be used to protect the resources of Molokini and coral resources in the State.

LAURA H. THIELEN  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI  
FIRST DEPUTY

KEN C. KAWAHARA  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

LINDA LINGLE  
GOVERNOR OF HAWAII



*KŪKULU KE EA A KANALOA*

## **KAHO'OLAWE ISLAND RESERVE COMMISSION**

811 Kolu Street, Suite 201, Wailuku, HI 96793  
Telephone (808) 243-5020 Fax (808) 243-5885  
Website: <http://kahoolawe.hawaii.gov>

**Testimony of  
MICHAEL K. NAHO'OPI'I  
Executive Director**

**Before the Senate Committees on  
WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS;  
ECONOMIC DEVELOPMENT AND TECHNOLOGY;  
and  
WAYS AND MEANS**

**Monday, February 22, 2010  
10:15 AM  
State Capitol, Conference Room 211**

**In consideration of  
SENATE BILL 2460  
RELATING TO THE KAHO'OLAWE REHABILITATION TRUST FUND**

Senate Bill 2460 would impose a \$5 surcharge on each customer who participates in an ocean recreational activity in the Molokini Shoal Marine Life Conservation District and direct the collected surcharges to the Kaho'olawe Rehabilitation Trust Fund. The Kaho'olawe Island Reserve Commission (KIRC) supports this measure to provide permanent state statutory funding for the restoration of Kaho'olawe.

KIRC's only permanent funding source is the Trust Fund, established in 1994 when federal monies were appropriated for the clean-up of unexploded ordnance. The Trust Fund was not created, nor was the principle ever substantial enough, to be a sustainable endowment where KIRC could operate solely from its interest. Over the past several years, KIRC has received funding through state and federal grants, donations, access permit fees and boater registration, but has had no other permanent source of funds beyond the Trust Fund in the past 16 years.

Even with dramatic cuts to operating expenses and personnel costs – projected Fiscal Year 2010 expenditures total \$3.49 million – the Trust Fund will be depleted within the next four years. With such financial uncertainty, KIRC has curtailed new projects, postponed program activities and deferred maintenance to equipment and facilities; it would be irresponsible to plan and spend for the future without knowing how such expenses would be funded. The proposed bill would enable KIRC to plan for future program activities and operations by providing permanent statutory funding.

The nexus between Kaho'olawe and Molokini is clear. There is a traditional relationship linking Kaho'olawe, Molokini and the Honua'ula district of Maui, a cultural tie that is found in oral histories and traditional Native Hawaiian stories. KIRC has provided support to Molokini conservation efforts, including unexploded ordnance removal and seabird banding and monitoring. Additionally, Molokini tour activities unquestionably benefit from KIRC's management of the Kaho'olawe Island Reserve and its marine resources – the restricted Reserve waters function as a sanctuary and nursery for all marine species, including listed species such as the green sea turtle, Hawaiian monk seal and humpback whale, as well as some of the healthiest fish populations in the main Hawaiian islands.

### COMMISSION MEMBERS

NOA EMMETT ALULI, M.D.  
*Chairperson*  
CRAIG NEFF  
*Vice-Chair*  
MILTON M. ARAKAWA, A.I.C.P.  
COLETTE Y. MACHADO  
LAURA H. THIELEN  
AMBER NĀMAKA WHITEHEAD

Michael K. Nāho'opi'i  
*Executive Director*



**SB 2460**

**RELATING TO THE KAHO'OLAWE REHABILITATION TRUST FUND**

Senate Committee on Water, Land, Agriculture and Hawaiian Affairs

Senate Committee on Economic Development and Technology

Senate Committee on Ways and Means

February 22, 2010

10:15 a.m.

Room: 211

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The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB 2460, which would require ocean recreational activity Molokini tour operators to levy a \$5 user fee from each customer, to be deposited in the Kaho'olawe Rehabilitation Trust Fund.

OHA applauds the Legislature for this creative funding mechanism, proposed during harsh economic times. In every entrance and exit poll that has evaluated tourists' level of commitment to maintaining and improving the cultural and natural resources of Hawai'i, tourists overwhelmingly support surcharges and opportunities to learn more about the indigenous culture of this spectacular archipelago. They easily correlate environmental and cultural resources to part of the value they place on their visit here, because those elements are what keep them returning to our beautiful and spiritual home.

A five dollar charge per visitor to a tiny island that is in clear view of Kaho'olawe and which benefits directly from ocean resource preservation activities around Kaho'olawe seems like a reasonable request. Having the tour operators issue the charge, knowing that their businesses have benefited from the increased fish population that has developed because of decreased sedimentation and prohibitions against fishing around Kaho'olawe does not seem onerous.

In fact, it provides the tour operators with an opportunity to share more about the cultural, historic and natural aspects of Kaho'olawe during their boat trips to Molokini. For example, certain accounts tell of the demigod Maui trying to pull Kaho'olawe closer to Maui, using his magical fishhook – Mānaiakalani – from his canoe. In the process, the fishhook breaks and the part that falls into the sea becomes Molokini.

Kaho'olawe, a kinolau of Kanaloa, remains a piko of Hawaiian culture, while retaining visible scars from previous mismanagement. Kaho'olawe helped inspire the Hawaiian cultural renaissance and continues to be an integral educational center for traditional navigation, hula, natural resource management, etc. The Kaho'olawe Island Reserve Commission's current Strategic Plan clearly expresses the needs and values of this significant island, and the continued natural and cultural resource restoration goals described therein will continue to benefit residents and tourists alike. This bill's minimal proposed surcharge would help educate tourists and tour operators privileged enough to experience the splendor and wonder of marine life around Molokini, in the shadow of the cultural icon of Kaho'olawe.

Therefore, OHA urges the committees to PASS SB 2460. Thank you for the opportunity to testify.

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**From:** Jeff Strahn [jstrahn@mauidiveshop.com]  
**Sent:** Friday, February 19, 2010 8:45 AM  
**To:** WTLTestimony  
**Subject:** SB 2460  
**Attachments:** image001.jpg

Dear Committee,

Please do not pass this bill. It will severely hurt the marine industry in a time of significant economic problems.

Thanks,



Jeff Strahn  
Maui Dive Shop  
1455 South Kihei Rd.  
Kihei, HI 96753  
808-270-9813  
[jeff@mauidiveshop.com](mailto:jeff@mauidiveshop.com)

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 18, 2010 1:04 PM  
**To:** WTLTestimony  
**Cc:** cdfb1948@hotmail.com  
**Subject:** Testimony for SB2460 on 2/22/2010 10:15:00 AM

Testimony for WTL/EDT/WAM 2/22/2010 10:15:00 AM SB2460

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: The dive shop  
Organization: Individual  
Address: 441 Mikioi st Kihei Hi  
Phone: 808-879-2201  
E-mail: [cdfb1948@hotmail.com](mailto:cdfb1948@hotmail.com)  
Submitted on: 2/18/2010

Comments:  
This bill is trying to kill us enough is enough !!!!



February 18, 2010

In Opposition of SB 2460

WTL/EDT/WAM

On Monday, 22 February 2010 in room 211 at 10:15am

Dear Chair and Respected Members of the Committees;

I am writing in opposition to SB 2460. While the emphasis of the Kaho'olawe Island Reserve Commission Strategic Plan is a noble one, I believe that the funding source from the commercial operators of Molokini is misguided and inappropriate.

In these extreme economic times that we find ourselves in, the state cannot continue to tax the small business into continued hardships. While this bill is not truly a tax directly to the small business' that operate at Molokini, but it is a mandatory price increase that the consumer will have to pay. This will have negative consequences to the ocean tourism industry and I believe will translate into far greater negative consequences for state.

Why has the commercial operators of Molokini been targeted are this consumer fee to pay for something that they do not touch or area that they do not use? One of my major concerns is, where will this end? Where else will this fee be levied? I seriously doubt that it is even legal to charge one user group to fund a totally unrelated entity? There is a Federal ruling that Boating fees have to accurately reflect the cost to provide the service. What service is being provided to boaters here?

This is an administration and collection night mare! As the bill is written, it appears that the tour operator has the expectation to collect the \$5 surcharge from the tourist. If somehow the tourist doesn't pay the operator, the Department will initiate collection action against the tourist. This is problematic. A family comes to Hawaii for their vacation of a lifetime only to find out that there is some kind of warrant out for them because for some reason, probably not even of their own doing, owe the state \$20! They just will go to Mexico the next time.

Atlantis Adventures Hawaii does not operate in Molokini, so this bill does not directly effect us; however I oppose this fee as one which seems to single out one particular industry to help fund this project. Why not have the military pay for this; they are ones who broke the island to begin with!

Again, the goal of KIRC is a good one; however they should not be asking to receive funds from the visitors to Molokini via the commercial operator who take them there.

I oppose HB 1961.

# Atlantis®

ADVENTURES

Best regards,

Jim Walsh  
General Manager ~ Maui  
658 Front Street, #175  
Lahaina, HI 96761  
Tel (808) 667-6604  
Fax (808) 661-1210  
[www.atlantisadventures.com](http://www.atlantisadventures.com)

February 18, 2010



**COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS**

Senator Clayton Hee, Chair  
Senator Jill N. Tokuda, Vice Chair

**COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

Senator Carol Fukunaga, Chair  
Senator Rosalyn H. Baker, Vice Chair

**COMMITTEE ON WAYS AND MEANS**

Senator Donna Mercado Kim, Chair  
Senator Shan S. Tsutsui, Vice Chair

**Subject: SB2460 Relating to the Kaho'olawe Rehabilitation Trust Fund**

Monday, February 22, 2010

TIME: 10:15 a.m.  
PLACE: Conference Room 211  
State Capitol  
415 South Beretania Street

**Voicing STRONGEST Opposition**

I, Ronnie Grover General Manager, Kauai Sea Tours wish to present this testimony  
**In STRONGEST OPPOSITION to SB2460.**

The small ocean recreation industry is fighting for survival in this very difficult economic climate over the past year and a half. Our industries passenger counts are down significantly in spite of the heavy discounting in the marketplace while all our expenses keep going up and up. The tourists are looking for the best deal possible. Every time we increase the cost to do our products, we lose business. The cost to do activities in Hawaii helps drive the decision whether or not to vacation in Hawaii. I believe that the net loss to the state will actually far outweigh whatever revenue would be garnered from this plan. Also it places significant added burdens on the ocean recreation company to collect, report, and administrate this onerous fee/surcharge. As the majority of our business is from third party booking agencies who keep a large share of our revenue, we would now have to depend on them to collect or advise the customer of this added fee to be in/on the water.

**This is an administration and collection night mare.** As the bill is written, it appears that the tour operator has the expectation to collect the \$1 surcharge from the tourist. If somehow the tourist doesn't pay the operator, the Department will initiate collection action against the tourist. This is problematic. There are many ways payment could be overlooked. Many of the tourists make reservations on line or through an activity desk. It may be that the activity desk neglected to collect the surcharge, yet the tourist is liable for it. Or the booking on line somehow neglected to charge/collect the fee. I can see it now; a family finds that they somehow didn't pay the surcharge and has an outstanding warrant to pay from the State of Hawaii and is afraid to come back.

**It is unclear how large this net is cast.** It looks like the way the bill is currently written it might affect any ocean recreation business whether or not they go to Molokini. What about a company that has products that go to Molokini but also other ocean recreation products that do not go to Molokini? Are all the products of this company subject to the Molokini surcharge even if the tourist does not go to Molokini?

The many small businesses that earn their livelihood from a pristine and protected marine environment are already supporting various non profit and environmental organizations that help protect and preserve our natural resources. They are also trying to keep their staff employed and their businesses afloat.

**Commercial boaters represent less than 3% of the total boats using harbor facilities yet produce close to 50% of all revenues derived from boater fees.** Commercial boaters recently supported successful legislation to have their commercial use fees raised by 50% with the promise that this would provide enough extra revenue for DOBOR to upgrade our harbors.

On February 10, 2010 DLNR wrote a letter to all slip holders that the mooring fees were going to have a nearly 100% increase starting within the next two months. This is unbelievable to me I see our fees go to a general fund and our harbors remain crumbling. Now we are to pass the lack of funding onto the already stretched thin small businessperson. We do not want to see an additional open-ended fee system added on to our already strained resources to the point where it drives us out of business. Small business needs your support not an additional fee, where does it stop. You should look at supporting some of the ocean recreation projects from the 97% user groups that are recreational boaters who pay hardly anything to the harbors and ocean resource maintenance.

**Is it even legal** to charge one user group to fund a totally unrelated entity? There is a Federal ruling that Boating fees have to accurately reflect the cost to provide the service. What service is being provided to boaters here?

We applaud the effort that has gone into the Kaho'olawe restoration but ocean recreation small businesses cannot afford to be the funding source.

We humbly ask you to **Please Kill SB2460.**

Sincerely,

Ronnie Grover General Manager  
Kauai Sea Tours PO Box 51004, Eleele, HI 96705 T 808 335 5309



## TESTIMONY SB 2460

February 22, 2010 10:15 AM Room #221

**TESTIMONY TO: WTL; EDT; WAM**  
**Senator Hee, Chair WTL**  
**Senator Fukunaga, Chair EDT**  
**Senator Kim, Chair WAM**

Presented By: **James E. Coon**, President of the Ocean Tourism Coalition

**Subject: SB 2460** Relating to the Kaho'olawe Rehabilitation Trust Fund

### **SPEAKING IN THE STRONGEST OPPOSITION**

**Chairs Hee, Fukunaga, & Kim; Members of the Committees:**

I am Jim Coon, President of the Ocean Tourism Coalition (OTC), speaking with **STRONGEST OPPOSITION to SB 2460.**

The Ocean Tourism Coalition is the only state-wide organization that represents the more than 300 small businesses that operate vessels out of the small boat harbors of the state. **There are 41 of these small businesses** that operate tours to Molokini Shoals Marine Life Conservation District under permits issued by DAR/DLNR. Each one of these business is **fighting for their very survival** in this very difficult economic climate. Tourists already are not spending as much to take tours like the ones offered to Molokini.

All our **passenger counts are down significantly** in spite of the heavy discounting in the marketplace. The tourists are looking for the least expensive vacation possible. Every time we increase the cost to do our products, we lose business. The cost to do activities in Hawaii helps drive the decision whether or not to vacation in Hawaii. We believe that the net loss to the State will actually far outweigh whatever revenue would be garnered from this plan. Also it places significant added burdens on our companies to collect, report, and administrate this onerous fee/surcharge.

**This is an administration and collection night mare.** As the bill is written, it appears that the tour operator has the expectation to collect the \$1 surcharge from the tourist. If somehow the tourist doesn't pay the operator, the Department will initiate collection action against the tourist. This is problematic. There are many ways payment could be overlooked. Many of the tourists make reservations on line or through an activity desk. It may be that the activity desk neglected to collect the surcharge, yet the tourist is liable for it. Or the booking on line somehow neglected to charge/collect the fee. I can see it now; a family

finds that they somehow didn't pay the surcharge and has an outstanding warrant to pay from the State of Hawaii and is afraid to come back.

**It is unclear how large this net is cast.** It looks like the way the bill is currently written it might affect any ocean recreation business whether or not they go to Molokini. What about a company that has products that go to Molokini but also other ocean recreation products that do not go to Molokini? Are all the products of this company subject to the Molokini surcharge even if the tourist does not go to Molokini?

The many small businesses that earn their livelihood from a pristine and protected marine environment are already supporting various non profit and environmental organizations that help protect and preserve our natural resources. They are also trying to keep their staff employed and their businesses afloat.

**Commercial boaters represent less than 3% of the total boats using harbor facilities yet produce close to 50% of all revenues derived from boater fees.** Commercial boaters recently supported successful legislation to have their commercial use fees raised by 50% with the promise that this would provide enough extra revenue for DOBOR to upgrade our harbors. On February 10, 2010 DLNR wrote a letter to all slip holders that our mooring fees were going to have a nearly 100% increase starting within the next two months. We do not want to see an additional draconian open ended fee system added on to our already strained resources to the point where it drives us out of business.

**We seriously doubt that it is even legal** to charge one user group to fund a totally unrelated entity? There is a Federal ruling that Boating fees have to accurately reflect the cost to provide the service. What service is being provided to boaters here?

We applaud the effort that has gone into the Kaho'olawe restoration but our small businesses cannot afford to be the funding source.

We humbly ask you to **Please Kill SB 2460.**

Sincerely,

James E. Coon, President OTC



## Four Winds II & Maui

### Magic

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**Testimony Opposing**  
**The Proposed Molokini Recreational Surcharge For The**  
**Kaho'olawe Rehabilitation Trust Fund SB #2460**

As comptroller for Maui Classic Charters, Inc., a company that operates two snorkel boats that conducts tours in the Molokini Shoal Marine Life Conservation District, I am strongly opposed to the new proposed provision of charging a user fee of \$5 from each customer who visits Molokini.

There are several points which I would like to address.

Should this measure pass, it is going to be an absolute accounting nightmare. While Molokini Crater is our preferred snorkel destination for our guests, very often the weather and water conditions do not allow us to go to Molokini and we have to go to another site. There are also days when our guests will get in the water at Molokini and then conditions quickly deteriorate and we are forced to get our passengers quickly out of the ocean (for safety reasons), get them back on to the boat and head to another snorkeling destination.

If the ticket price includes this \$5 per passenger surcharge to go to Molokini, and we are unable to get there or have to quickly remove our passengers from the water there, how are we supposed to refund our guests? At least half of our passengers are booked and ticketed by various activity desks. Are the passengers, when they don't get to visit Molokini, supposed to go back to their ticketing agency and demand their \$5 back per person? Are children under 3 years of age, who go free on our trips, supposed to pay the \$5 per person surcharge?

Given these difficult economic times, many of the tourists who come to Maui are now opting for the least expensive activities to do. A family of four, having to pay an additional \$20 surcharge to snorkel in Molokini, will definitely think twice about booking such an expensive trip. And it is the tourists who make this state operate. Have we learned nothing about how important the tourists are to our economy? There are other tropical destinations that are much less expensive where they can go on vacation.

A \$5 surcharge per person to visit Molokini is **MORE THAN THE 4% GENERAL EXCISE TAX** and **MORE THAN THE 3% HARBOR TAX** that our passengers already have to pay on top of the ticket price for their snorkel trip! It seems very unfair to place the burden of generating funds to rehabilitate Kaho'olawe on the tourist, who likely will never be able to visit or snorkel there.

Thank you for allowing me to testify. Please **DO NOT PASS THIS BILL!**

Lynse Frank  
Comptroller

TELEPHONE – 808.879.8177    FAX – 808.879-3576    [INFO@MAUICLASSICCHARTERS.COM](mailto:INFO@MAUICLASSICCHARTERS.COM)

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 19, 2010 2:55 PM  
**To:** WTLTestimony  
**Cc:** MauiUnderwater@Hawaii.rr.com  
**Subject:** Testimony for SB2460 on 2/22/2010 10:15:00 AM

Testimony for WTL/EDT/WAM 2/22/2010 10:15:00 AM SB2460

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Captain Steve Hogan  
Organization: Makena Coast Charters Inc  
Address: PO Box Puunene HI  
Phone: 8088741272  
E-mail: [MauiUnderwater@Hawaii.rr.com](mailto:MauiUnderwater@Hawaii.rr.com)  
Submitted on: 2/19/2010

**Comments:**

Please look at how the State of Hawaii can stop waste before implementing another tax. We are already struggling and to have the Molokini permit holder be the funding for the KAHO'OLAWA REHABILITATION TRUST FUND is unfair and unbalanced. KAHO'OLAWA REHABILITATION needs to be funded by all the citizens not just people that go to Molokini. KAHO'OLAWA is there to be protected for the future, how are visitors to Molokini responsible for the KAHO'OLAWA REHABILITATION TRUST FUND? It does not make sense! Thank you for listening!

# Frogman Charters

## TESTIMONY SB 2460

February 22, 2010 10:15 AM Room #221

**TESTIMONY TO: WTL; EDT; WAM**

**Senator Hee, Chair WTL**

**Senator Fukunaga, Chair EDT**

**Senator Kim, Chair WAM**

Presented By: **Phillip Kasper**, President Frogman Charters

**Subject: SB 2460** Relating to the Kaho'olawe Rehabilitation Trust Fund

### **SPEAKING IN THE STRONGEST OPPOSITION**

**Chairs Hee, Fukunaga, & Kim; Members of the Committees:**

I am Phillip Kasper, President of the Frogman Charters speaking with **STRONGEST OPPOSITION** to SB 2460.

The world wide economic recession has had a devastating effect upon the family owned charter boat businesses that serve the Molokini Shoals Marine Life Conservation District. Business is down for all of the operators. The vessel "Prince Kuhio" which has operated out of Maalaea Harbor for over twenty years has shut down their business and has laid off all of their employees. You can visit Maalaea harbor on any day and see many of the commercial boats sitting in the harbor because they have not booked any passengers. We are all struggling in this very difficult environment. Revenues are down significantly and many of our costs, especially for fuel and employee health coverage keep going up. Our costs for slip fees have just been increased and unemployment insurance is set to increase dramatically. All of this is occurring while our revenues are going down. Yet we still employ a number of local people and we contribute significantly to the local economy and to the state tax base.

Adding an additional fee to our ticket price makes it harder for us to sell our tickets and puts us at a competitive disadvantage to all other tour operators in Hawaii. The administrative costs would add significantly to this burden.

A new \$5.00 fee per passenger would threaten our ability to continue in business and would certainly lead to the loss of many more jobs in our industry.

Although I support the rehabilitation of Kahoolawe, I do not feel that the rehabilitation effort is the singular obligation of our small group of businesses. Certainly the obligation to rehabilitate the island of Kahoolawe is a Federal issue because the damage to the island was inflicted by the United States military. There simply is no direct relationship or even indirect relationship between the vessels that take tourists to the Molokini Shoals Marine Life Conservation District and the damage caused to the island of Kahoolawe. If the rehabilitation effort is to proceed it should be supported by everyone in the country, not just a few small family owned charter boats from Maalaea Harbor.

I would also like to speak to the economic realities of the proposed fee. I studied economics at the University of California at Santa Barbara and received a degree in business economics before I got into the snorkeling business so I would like to share what I believe may be some of the unintended consequences of the imposition of fees on the sale of snorkel cruise tickets.

When a fee is imposed on the sale of an item the price of that item will go up. And when the price of an item, in this case the price of a boat cruise ticket, goes up you can expect that the number of tickets sold will go down. This is basic microeconomics and this conclusion is not in dispute among economists.

Since you can expect ticket sales to go down as the result of the imposition of the fee then you can also expect the amount of general excise tax collected from ticket sales to go down. Since snorkel cruise ticket purchases represent discretionary spending, according to economic principals, a small increase in the price of the ticket will trigger and substantial decrease in the sales of the tickets. We in the boating business are very aware of this reality. So it is important to understand that it is quite likely that for every dollar collected in fees, the state could see a reduction in general excise tax collections of two dollars or even more. And the situation is actually worse than that: when visitors decide to forego doing an activity because the price is too high, then the money spent on the sale of tickets is lost to the economy of Hawaii forever.

So the unintended consequences of the imposition of fees on ticket sales can have far reaching consequences and a negative impact on the collection of general excise tax revenue. The economy in general will suffer from a reduction in visitor spending.

The burden that this bill will place on my business will lead to layoffs and unemployment for my personnel and that is if we are able to survive at all.

I oppose the passage of this bill in the strongest terms.

Thank you  
Phillip Kasper  
President  
Frogman Charters

Frogman Charters  
156 Lahainaluna Rd.  
Lahaina, HI 96761  
808-667-0990

TESTIMONY AGAINST SB 2460

February 22, 2010 10:15 A.M. Room #211

TESTIMONY TO: **Water, Land, Agriculture, and Hawaiian Affairs Comm.**

Sent by BETSY MORRIGAN, Owner, Hawaii Pack and Paddle; Captain Cook, HI 808-328-8900  
and President, KAI (Kayak Alliance of the Island), non-profit

**OPPOSING SB 2460 Relating to the Kaho'olawe Rehabilitation Trust Fund**

**Aloha Senator Hee, English, and Honorable Members of the WTL Committee:**

I oppose this bill. I understand that our state is in hard times and needs money to fund various projects. You also know that the ocean recreation is hurting a great deal and to impose an additional fee of \$5.00 per guest at Molokini that the tour operator has to charge, collect, send, account for etc. is both a logistical nightmare and an undue financial burden to the ocean recreation industry there. The ocean recreation industry is already very heavily taxed on the state level starting with DLNR permit fees, GE and state income taxes, and cannot afford additional assessments and still stay afloat.

It seems the state often looks to the ocean recreation tour operators to pay for current projects. However, there is a limit to how far we can be squeezed and still continue to operate and pay the permit fees and taxes that help take care of our state. This assessment in this bill may drive many ocean tour operators past the point of recovery.

As the president of the nonprofit educational group KAI, I have often asked tourists what they are enjoying most on their visit to Hawaii. Often they have replied, "Great experiences on the ocean with tours at a reasonable price." We really need to keep these tours reasonable, and adding \$5.00 per person may sway the tourist against this tour and also translates into much more than that for the tour operator.

Perhaps if this surcharge were to be used to build better ramps or mooring facilities that would help the Molokini boaters, I might see it in a different light. Kaho'olawe definitely needs rehabilitation and I am all for that, but rehabilitation at Kaho'olawe is totally unrelated to the ocean recreation industry; the Molokini ocean recreation businesses should not have to fund this project that is completely out of our realm.

**Please vote against this bill SB 2460** and do all you can to preserve and promote the ocean recreation industry.

Thank you very much.

**Water, Land, Agriculture, and Hawaiian Affairs Comm**

Betsy Morigan



## TESTIMONY SB2460

February 22, 2010 10:15 AM Room #221

**TESTIMONY TO: WTL; EDT; WAM**

**Senator Hee, Chair WTL**

**Senator Fukunaga, Chair EDT**

**Senator Kim, Chair WAM**

**Subject: SB 2460** Relating to the Kaho'olawe Rehabilitation Trust Fund

### **STRONGEST OPPOSITION**

**Chairs Hee, Fukunaga, & Kim; Members of the Committees:**

It seems as though every time this state needs money the answer is get it from the visitor industry. We collect fees and taxes at every step a visitor makes.

The answer is simple and basic Business 101: Our state government needs to get a handle on spending. The auditor Marilyn Higa comes out with reports stating in black and white how poorly our government manages our tax revenues. Learn to spend the money you already have better. Cut unnecessary spending, do more with less.

Before increasing taxes and fees, first write a bill that requires each department to have qualified money managers that are held accountable for their departments spending. It is criminal how our government officials are allowed to mismanage and waste our hard earned monies. The money is there, it just needs to be managed appropriately.

When Kona Community Hospital needed more funds, the Hospital's foundation created fundraisers and worked collecting donations from community support. This is how projects should be funded if not able to get the monies from the state coffer.

Our visitors and small businesses can not fund this bill. Find the money elsewhere.

Sincerely,  
Melynda Dant  
Vice President  
Fair Wind Cruises

**TESTIMONY**  
**SB 2460**  
**(END)**