PUBLIC TESTIMONY

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(This senate bill is scheduled to be heard on Wednesday, 03-31-21, 1:30PM, in House conference room 308, via video conference)

This testimony is intended for the following legislators:

Patrick Pihana Branco	Amy A. Perruso
Stacelynn K.M. Eli	Jackson D. Sayama
Daniel Holt	Adrian K. Tam
Greggor Ilagan	Tina Wildberger
Bertrand Kobayashi	Kyle T. Yamashita
Lisa Marten	Bob McDermott
Scott Y. Nishimoto	

In consideration of

Senate Bill 795 SD2, RELATING TO PUBLIC BOAT HARBOR FEES

WE STRONGLY OPPOSE SB795, WITHOUT RESERVATION, for the following reasons:

We strongly oppose SB795 for the following reasons:

The State of Hawaii wants to double its own tenant's principal habitation rent right in the middle of a pandemic?

The 2019 rate hike reflected in the modified version of 13-234 more than doubled the rates for some boaters in Hawaii's public recreational harbors.

In addition to nearly doubling the per-foot-per-month rate for some boaters this new 13-234 rules package changed the rate metric from per-foot length-of-boat to per-foot length-of-slip. As a result, many boat owners with vessels moored in slips larger than their boat's length, ended up with an instantaneous doubling of their mooring fee rate. Some boat owners experienced even higher than a doubling of their previous mooring rate because this new rule deleted, out of nowhere, the grandfathered rate for certain harbor tenants. Because of this, many of these boat owners left the public harbor system completely, or ended up abandoning their boats ***leaving the State with the expense of salvage and disposal.*** When we contacted Underwood about the impact of the new fee schedule, that it was driving small boat owners from the public harbor system and that maybe there needs to be a ramped increase over time, he ignored all correspondence that referenced this phenomenon.

Now, in the middle of a pandemic, and only a year and a half after the 13-234 rate increases more than doubled some boater's rates, you want to pass legislation that will effectively double again the mooring rates for State of Hawaii tenant families holding Principal Habitation Permits?

Just as we've seen in 2019, this doubling of monthly rents of the State's own tenants, its principal habitation permitees, will drive some of these families from their homes and into the street. ***There is no safety net in Hawaii for these people*** and they will end up among Hawaii's homeless. Let me remind you that Hawaii has, per-capita, the largest homeless population in the United States at an estimated cost to your taxpayer constituents of approximately $3,000 per person per month.

This legislation will guarantee still more homelessness and your constituents will have to pay for it at the rate of approximately $3,000 per person per month.

The "Fair Market Value" ploy is so flawed that it's undergoing scrutiny in a Hawaii circuit court (1CCV-20-0000016); ***the use of this metric in its current flawed form sets a dangerous precedent in our lawmaking process.***

The so-called "fair market value" yardstick that is at the core of the justification for this legislation is highly suspect and currently awaiting judgment in circuit court.

Let me provide you with an example of just how suspect this metric is. Electrical usage per vessel on the floating piers at the AWSBH is not metered. There is no way to know how much electricity any given vessel is using. For more than a decade, DoBOR had been charging these tenants a flat rate of anywhere from $5 to $12 per vessel for electricity. Many of the boats were not even using $5 a month in electricity, while other boat owners were using much more than $12, especially larger vessels with larger families living on board. As part of the changes to 13-234, the flat rate fee for electrical usage on the floating piers went from $5 to $40 per month, and from $12 to $100 per month for principal habitation permitees -- a nearly 900% increase, instantaneously.

Underwood told us in one of our correspondences that the new flat rate was based on a "fair market value" study, presumably part of the CBRE appraisal process. When we asked Underwood how he came up with this "fair market value" assessment, he said that he'd collected the electrical bills of "some vessels" in the harbor and averaged them out and came up with "fair market value". When we asked which vessels, how big were they, number of people staying on board, type of appliances on board, etc., specific data used in the survey, he said he "couldn't remember". When we asked to see the bills that he'd used to make the assessment, he said he didn't have them anymore, that he'd "shredded them" and they weren't available. Mr. Underwood had just told us that he fabricated his "fair market value" rationale.

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It is virtually impossible for a regular, occasional-use tenant in the AWSBH to use $40 per month in electricity. We asked Ed Underwood how his DoBOR was dealing with the obvious windfall in overpayments by harbor tenants. Underwood ignored all correspondence that referenced this phenomenon.

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The 900% instantaneous flat-rate electrical fee increase left liveaboard permitees stunned, as many of them do not have appliances on board their boat that would be capable of generating that much usage. It is virtually impossible for a person living on a 26' sailboat, basically the interior space of a small walk-in closet, to use the same amount of electricity as a family of four living on a 50' trawler. But they're all paying the same rate, with an obvious wink-nod to wealthy boat owners. So we again asked Mr. Underwood for an explanation about windfall overpayments to the state and again received no answer to our query.

Underwood ignored all correspondence that referenced this phenomenon.

SB795 is a toxic piece of legislation, set to be passed in the middle of a pandemic, based on an entirely false premise (the contrived "fair market value" metric) that will result in creating still more homelessness in our state with its highest homelessness rate in the nation, while creating still more stress, unnecessarily, for principal habitation families already struggling with their finances as a result of the pandemic's impact on the economy.