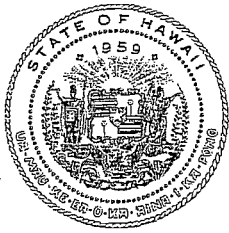


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July 13, 2007

To: The Honorable Linda Lingle  
Governor of Hawaii  
From: Theodore E. Liu  
Subject: REVIEW OF HAWAII ADMINISTRATIVE RULES  
Hawaii Community Development Authority (HCDA)  
Governor's Referral: 07:0621217

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We have reviewed HCDA's request for public hearing on the proposed HAR Chapter 15-211, "Kewalo Basin Rules for Kewalo Harbor and Tariff," HAR Chapter 212, "Kewalo Basin Rules for Vessel and Harbor Controls," HAR Chapter 15-213, "Kewalo Basin Rules for Motor Vehicles," and HAR Chapter 15-214, "Kewalo Basin Rules Relating to Services and Procedures, Charges, Tolls and Fees." Currently under the authority of the Department of Transportation, these administrative rules will be transferred to HCDA on or near September 1, 2007.

DBEDT recognizes that the amendments to these rules will have a significant impact upon those small businesses operating in the Kewalo Basin area. In assisting with the proposed amendments to the administrative rules, HCDA formed an advisory task force to arrive at an agreeable proposal for all involved, and there have also been numerous meetings and public hearings to discuss and resolve the differences between the parties. Both DBEDT and the Small Business Regulatory Review Board have been in communication with the Kewalo Ocean Activities (KOA) group to assist in negotiating a mutually and favorable agreement of the rules. While the Small Business Regulatory Review Board has recently reviewed the proposed amendments, it has deferred its recommendation for public hearing until its July 18, 2007 board meeting to encourage HCDA and the members of Kewalo Ocean Activities to continue to work diligently together to resolve the remaining issues. DBEDT also encourages these entities to proceed with negotiations but recognizes that the public hearing should not be stalled and recommends that the proposed changes proceed to public hearing with notice provided to all those businesses impacted by these amendments.

c: Daniel Dinell, Executive Director, HCDA