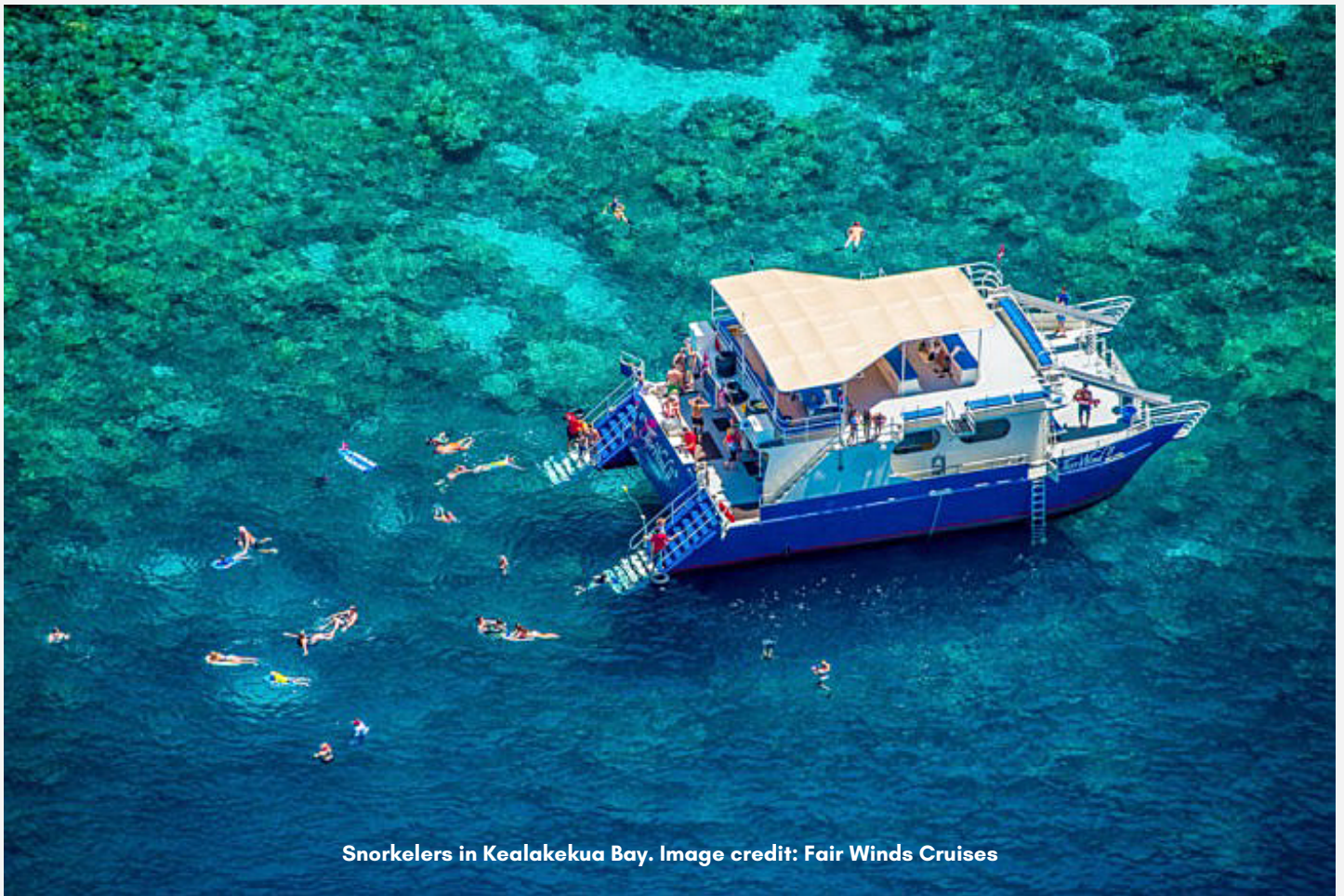


# Ocean Stewardship User Fee Overview and Spend Plan

Collecting funds from ocean recreation users to manage, protect, and enhance aquatic ecosystems

*Act 46 (SLH 2021) - Hawaii Revised Statutes §187A-52*



Snorkelers in Kealakekua Bay. Image credit: Fair Winds Cruises





In June 2021, Hawaii's Governor signed Act 46 into law establishing an ocean stewardship special fund and authorizing the Department of Land and Natural Resources (DLNR) to collect fees for the use and enjoyment of the State's ocean resources. In creating the Ocean Stewardship User Fee, the Legislature noted that Hawaii's ocean waters and the marine resources contained within are some of the State's most ecologically, economically, and culturally valuable environmental assets.

The Legislature also noted that the increasing popularity of marine ecotourism requires greater measures to ensure the continued health of marine ecosystems and that DLNR may need a more consistent and reliable source of funding to manage, protect, and restore marine resources throughout the State. The collection of Ocean Stewardship User Fees will help DLNR and the Division of Aquatic Resources (DAR) more effectively manage the State's marine resources.

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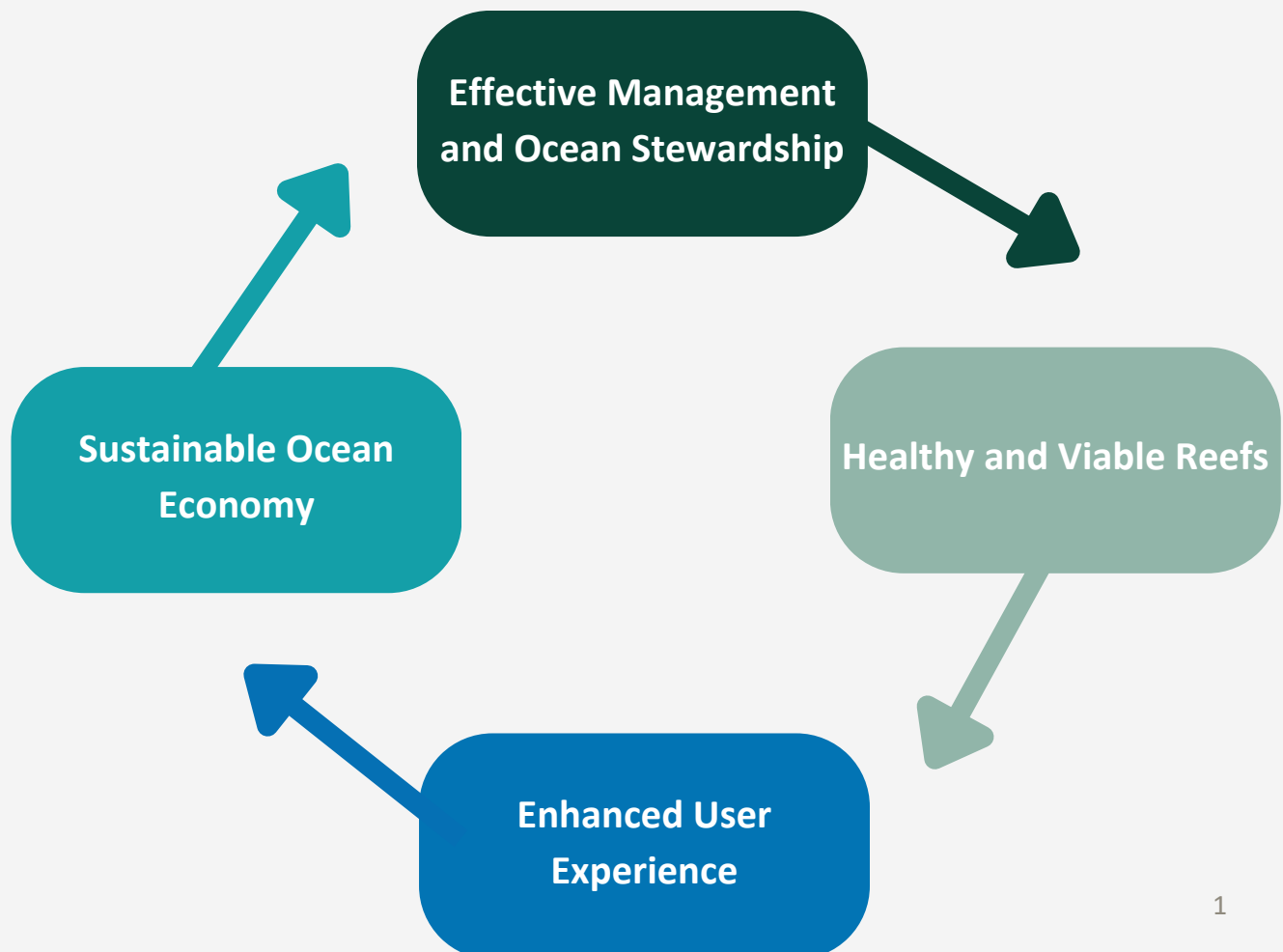
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# Introduction

The ocean is a critical resource that sustains livelihood and culture throughout the Hawaiian Islands. Unfortunately, important marine resources like coral reefs are under threat from unprecedented impacts like climate change, land-based sources of pollution, and direct human use. Managing these threats is crucial to the continued way of life in Hawai'i, and this requires robust and proactive management which in turn benefits not only the marine ecosystem, but the communities that rely on the ocean for subsistence, recreation, and economic stability. The Ocean Stewardship User Fee addresses this need for proactive management and gives ocean users an opportunity to directly steward marine resources. This stewardship in turn enhances the user experience and promotes continued use and appreciation of marine resources.





# Ocean Users Directly Supporting Ocean Initiatives

It is clear that ocean recreation and human use of a marine environment impacts the overall health of that region. These impacts from human use can come from a range of ocean recreation activities, like divers inadvertently kicking and standing on corals or boat anchors accidentally dragging across a reef. This impact can be particularly harmful when it is consistent and at a high frequency. For example, a recent study from Lin et. al on coastal tourism in Hawai'i showed that ocean users are particularly attracted to reefs with higher coral cover and better water quality. This attraction to "higher quality" marine areas puts undue stress on this ecosystem and has potential to further degrade the area. Unfortunately, these marine environments that attract people for their beauty and accessibility are facing a larger threat of degradation from continuous high use.

## **\$1.00 Per Activity**

All ocean users participating in a commercial ocean recreation activity will pay one dollar (\$1.00) per person per activity. Collection of the fee will be managed by commercial operators providing these ocean activity experiences. This includes SCUBA and snorkel charters, recreational fishing charters, catamaran cruises, guided kayak tours, whale-watching tours, and commercial surf lessons.

## **Allocation of Funds per County**

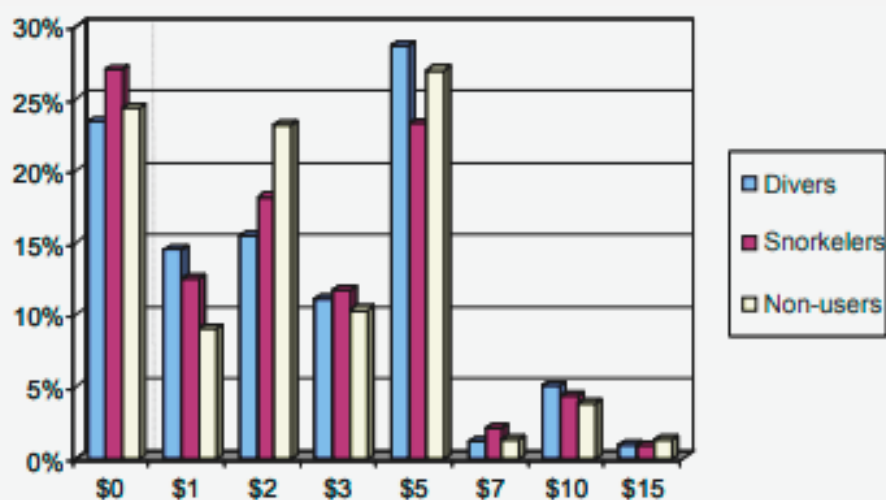
For the most part, funds generated in one region will funnel into projects for that region. DAR plans to record usership by county, and this will inform the allocation of funds for every project and allow the fund to represent restoration and enhancement needs based on the level of usership in that county.

## Ocean Users' Willingness to Pay

This one dollar (\$1.00) fee was the amount established by the Legislature and is estimated to generate between one million dollars (\$1,000,000.00) and five million dollars (\$5,000,000.00) annually for ocean enhancement, management, and restoration projects.

This fee is in line with a report from the National Oceanic and Atmospheric Administration (NOAA) on ocean users' willingness to pay for marine stewardship programs. This study determined that ocean users would be willing to contribute between one dollar (\$1.00) and five dollars (\$5.00) per activity to directly benefit the resource that they are using. This NOAA study contributed to findings reported in Conservation International's (CI) recent Ocean Stewardship Feasibility Report on the feasibility for Hawai'i to implement an Ocean Stewardship User Fee. CI's report included a financial impact analysis for several different fee rate scenarios, including a one dollar (\$1.00) fee. This report estimated that fees collected under a one dollar (\$1.00) fee structure could range between one million and five million dollars. The findings in both of these reports suggest that a one dollar (\$1.00) user fee would be well received and provide substantial benefit to both the marine resource and the ocean user.

### Recreational Survey in Selected Marine Managed Areas in the Main Hawaiian Islands



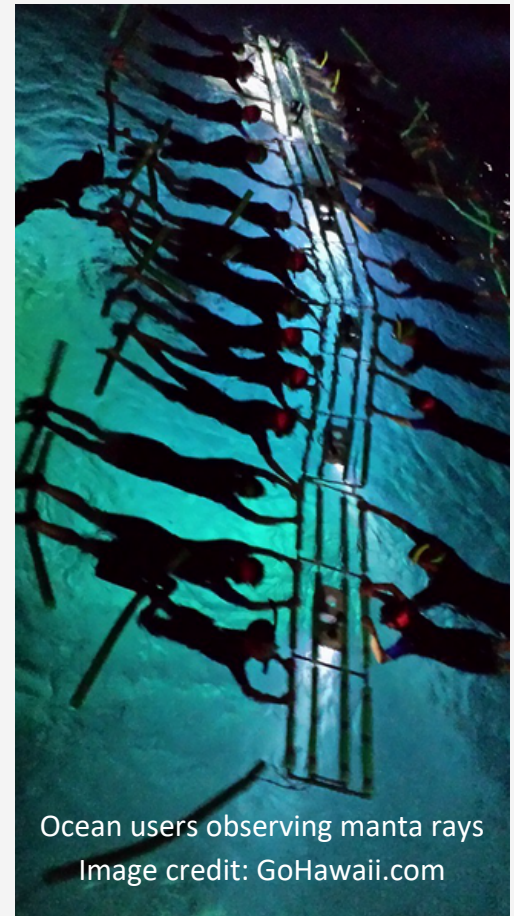
The table above is from the paper "Recreational Survey in Marine Managed Areas in the Main Hawaiian Islands" the results of a willingness to pay study based on specific user groups. Divers (blue), snorkelers (purple), and non users (yellow) show a range of willingness to pay between \$0.00 and \$15.00. The percentages on the right show the percentage of willingness to pay ranging from 0% to 30% of users surveyed.

# Collection of Fee

## Collection of Fee from Ocean Users

DAR does not have specific guidance on how commercial operators should collect user fees from users and will defer to the discretion of commercial operators. DAR does encourage commercial operators to communicate with ocean users that they will be charged an Ocean Stewardship User Fee. DAR will create materials to enhance ocean users' awareness of the stewardship fee, like flyers, stickers, and a website, and publicly communicate programs funded with user fee funds.

If an operation is unexpectedly canceled due to weather, health, or other reasons requiring a participant refund, it is at the discretion of the commercial operators to create a policy on whether or not to refund the user fee, or if the business will cover the cost. This is because these passengers are still represented on the passenger manifest.



Ocean users observing manta rays  
Image credit: GoHawaii.com

## How DAR plans to collect fee from Commercial Operators

DAR will collect user fees from commercial operators monthly via an online reporting system that is still in development. The intent of the online system is for a simple, accessible way for operators to provide requested information and payment of the Ocean Stewardship User Fee. This includes geographical information, types of services provided, and number of passengers carried or customers served. Other than identification information and passenger or customer counts to determine the amount of fees collected, providing other information is voluntary. The information will help better inform DAR in where and how much to allocate funds across the state and will be transparent across the process.

## How DAR Will Enforce Compliance of User Fee

### *Compliance*

There are no plans for DAR staff to regularly check compliance from commercial operators in-person. At present, DAR expects to coordinate with the Division of Boating and Ocean Recreation (DOBOR) to maintain a current list of the operators subject to collection of the fees under Act 46 and to share with DOBOR the compliance status of those operators, so any compliance or noncompliance with Act 46 can be taken into account during the issuance and reissuance process for commercial operator permits and catamaran registration certificates.

DAR may occasionally, at random, request these records from an operator to conduct an accounting to ensure compliance. This is important so that operators and their customers who fulfill the user fee requirements are not left carrying a disproportionate responsibility to the resources because of non-compliant individuals. This is why DAR is requesting that passenger manifests and records related to the Ocean Stewardship User Fee be maintained for at least two years, to accommodate these random and periodic checks.

### *Enforcement*

Act 46 is legally binding on all commercial operators required to have a DOBOR commercial use permit. As of January 1, 2024, commercial operators must collect the Ocean Stewardship User Fee and transfer it to DLNR on a monthly basis. See Act 46, section 2 (HRS §187A-52). Operators that do not submit on time may be subject to administrative and criminal penalties, including fines up to a one thousand dollar (\$1,000.00) per violation, and in extreme circumstances, commercial use permit revocation.



Image of day use mooring buoy  
Image Credit: SailTrilogy.com

# Commercial Operators:

## Fee Collection, Process, and Eligibility

### Commercial Operators will Collect the User Fee

All operators of commercial vessels, watercraft or water sports equipment or activities conducting commercial tours or instruction on State ocean waters are required to have a permit under section 13-256-3 of the Hawaii Administrative Rules (HAR), known as a Commercial Use Permit. Beginning January 1, 2024, these operators will need to collect a one dollar (\$1.00) Ocean Stewardship User Fee from each passenger they carry or customer they serve. The collected fees must be transferred to DAR on a monthly basis and deposited into the Ocean Stewardship Special Fund.

Operators of commercial vessels, water craft, or water sports equipment or permitted activities currently pay fees to DOBOR, pursuant to HAR chapters 13-256, 13-231, 13-234, and 13-253. These fees pay the expenses of operating, maintaining, and managing boating facilities and services, including berths, slips, launch ramps, general navigation channels, breakwaters, aids to navigation, and other harbor structures. The Ocean Stewardship User Fee is NOT associated with the DOBOR commercial use permit fees and will need to be reported and paid separately through an online portal developed by DAR.

### Exemption of User Fee

Not all commercial operators will need to collect user fees if they operate out of a statewide harbor and do not require a CUP. Under HAR section 13-256-3, “[a]ll operators of commercial vessels, watercraft or water sports equipment or activities conducting commercial tours or instruction on State ocean waters must obtain a commercial use permit or where applicable a catamaran registration certificate to be issued by the department, except for those operating out of a state commercial harbor.” HAR §13-256-3.



Based on this language, passengers or customers of commercial vessels, water craft, or water sports equipment operating out of a state commercial harbor would not be required to pay the Ocean Stewardship User Fee. There are nine (9) commercial harbors in the Statewide system. These are: Honolulu, Kalaeloa, Barbers Point, Hilo, Kawaihae, Kahului, Kaunakakai, Kaumālapa'u , Nawiliwili, and Port Allen.

*If you are a commercial operator with questions on how this fee relates to you and your business, please contact the Ocean Stewardship Fund administrator at [OSUF@hawaii.gov](mailto:OSUF@hawaii.gov).*

## **User Fee Transparency and Accountability**

### *Annual Reporting on Ocean Stewardship User Fee Funding Initiatives*

DAR is committed to transparent reporting of Ocean Stewardship User Fee revenues and expenditures through annual reports of program implementation and progress. This annual reporting effort will likely include a publicly available dashboard that can serve as a resource for commercial operators to highlight to their customer base how their fee supports marine conservation.

### *Commercial operator public engagement strategy*

DAR plans to develop and distribute materials to operators (e.g., flyers, posters, etc.) as well as electronic communications (e.g., e-flyer, website, QR codes, etc.) that can be shared with customers and passengers of commercial operators. These materials will highlight the positive impacts that just one dollar (\$1.00) per person will have on the ocean ecosystems that customers and passengers enjoy and experience through operators' businesses. Initially, these materials will likely be very simple. Over time as user fees are collected and used to support efforts to improve the resources, DAR expects these materials will become more robust and will highlight specific types of improvements that were supported by user fees and demonstrate how customers' fees have had positive impacts.

# Collected Fees will go into the Ocean Stewardship Special Fund

## Ocean Stewardship Special Fund Uses

Per Act 46, funds in the Ocean Stewardship Special Fund can be used to:

- 1** Develop and carry out marine resource conservation, restoration, enhancement, research, regulatory measures, enforcement actions, educational activities, or any other management measure intended to conserve, restore, and enhance marine resources under the jurisdiction of the State;
- 2** Develop and carry out restoration and compensatory mitigation measures for impacts to the marine environment, including impacts to the marine environment from federal or state permitted actions, or violations of subtitle 5 of title 12 or any rule adopted thereunder; and
- 3** Install, maintain, and replace day use mooring buoys and other infrastructure to reduce impacts to the marine ecosystem.

## Limited Lifespan of the Ocean Stewardship Special Fund

Pursuant to Section 3 of Act 46 (SLH 2021), the Ocean Stewardship Special Fund will eventually “sunset,” meaning expire after a set amount of time. For the first 5 years, user fees will be deposited into the Ocean Stewardship Special Fund, a fund administered by DAR to manage the State’s ocean resources. Starting January 1, 2029, user fees will still be collected but will be deposited to the State General Fund with no restrictions specified for the use of those fees. DAR intends to request the Legislature to repeal the sunset provision if the Division can show that their system created to manage the funds is successful. If repealing the sunset provision is not possible, another alternative could be to request the Legislature allocate revenue generated by the Fund to DAR from the General fund, prior to the January 2029 sunset.

# Spend Plan

DAR will use revenue generated from the Ocean Stewardship User Fee to develop and carry out marine resource conservation, restoration, enhancement, research, regulatory measures, enforcement actions, educational activities, or any other management measure intended to conserve, restore, and enhance marine resources' under the jurisdiction of the State. This includes projects like coral reef restoration, day use mooring buoys, and coastal water quality. Particular emphasis and consideration will be given to projects that produce a simultaneous benefit to both Hawai'i residents and commercial operators relying on the continued health of marine ecosystems.



## Mandatory Uses of Fund and Administrative Costs

### *Office of Hawaiian Affairs (OHA)*

Under Article XII Section 6 of the Hawai'i State Constitution and Act 178 of the Session Laws of Hawai'i 2006, twenty percent (20%) of all funds derived from the public land trust revenue must be set aside for OHA specifically to better the conditions of Native Hawaiians. This is often referred to as the Department of Land and Natural Resources obligation to contribute to ceded lands revenue. The Ocean Stewardship User Fee must contribute to ceded lands revenue obligations because submerged lands are in public trust and owned by the State government. Therefore, twenty percent of revenue generated from the Ocean Stewardship User Fee must be allocated to OHA.



### *Online Reporting and Payment Services*

DAR, with the help of a third-party contractor, has created a reporting/payment portal. This portal will allow commercial operators to report the number of users, location of ocean recreation activities, and other relevant metrics.

The estimated cost for the development, maintenance, and hosting of the payment portal is broken down into 5-year increments, shown below”

Up Front	Year 1	Year 2	Year 3	Year 4	Year 5	Total (5 years)
\$71,900.00	\$24,300.00	\$22,600.00	\$22,600.00	\$22,600.00	\$22,600.00	\$186,600.00

### *Administrative Costs*

Approximately one hundred and fifty thousand dollars (\$150,000.00) of Ocean Stewardship User Fee revenue will go towards implementing and maintaining contracts, preparing reports, establishing community partnerships, managing budget accounts associated with the Fee, monitoring for compliance, and maintaining a publicly available dashboard to ensure transparency with the public in regards to the allocation of funds. These administrative functions will be performed by DAR staff and contractors.



Examples of DAR programs for coral reef restoration. On the left is coral outplanted onto the reef. On the right are sea urchins about to be outplanted. Image credit: DAR

## Revenue Estimates and Funding Allocation

The chart below describes estimates of funds available after mandatory costs and administrative fees (described above) are allocated. The chart breaks down three different budget scenarios based on a range of projected revenue for a full year of fee collection. Three different scenarios are included because the amount of revenue generated is unknown at this time.

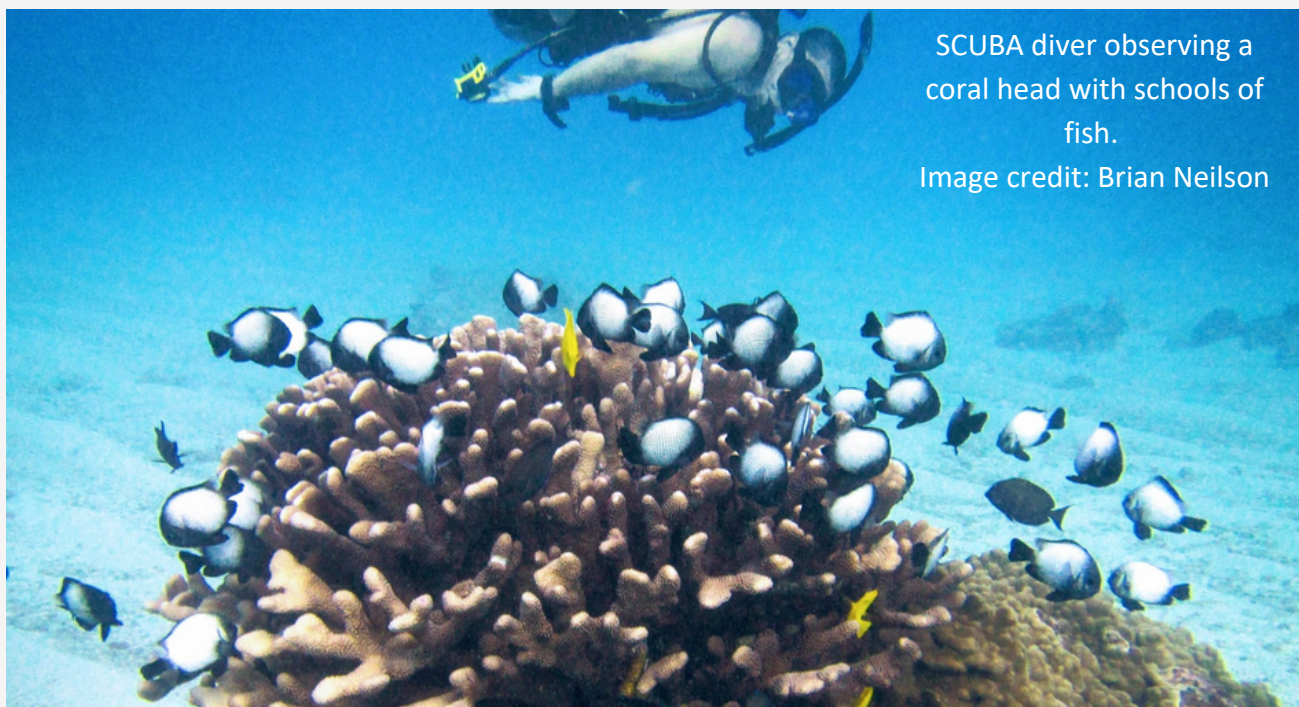
<b>Cost Estimations</b>	<i>Alternative 1: Estimate of \$1 million generated revenue</i>	<i>Alternative 2: Estimate of \$3 million generated revenue</i>	<i>Alternative 3: Estimate of \$5 million generated revenue</i>
Annual Revenue	\$1,000,000.00	\$3,000,000.00	\$5,000,000.00
OHA (20% of revenue generated)	\$200,000.00	\$600,000.00	\$1,000,000.00
Year 1 Web portal fees	\$24,300.00	\$24,300.00	\$24,300.00
Administrative costs	\$150,000.00	\$150,000.00	\$150,000.00
ANNUAL to allocate to stewardship projects	\$625,700.00	\$2,225,700.00	\$3,825,700.00
CUMULATIVE after 5 years of fee collection (assuming annual revenue is constant)	\$3,128,500.00	\$11,128,500.00	\$19,128,500.00

## Potential Projects

The stewardship projects are the ultimate purpose of the Ocean Stewardship User Fee and Special Fund, to improve and enhance the marine environment of Hawai'i to support healthy ecosystems. DAR has prioritized projects based on the perceived benefit to ocean users, the enhancement of overall marine resources, and State priorities in managing aquatic resources.

At this time, it is unclear exactly how much revenue will be generated from the Ocean Stewardship User Fee given the lack of information on the number of Commercial tour participants and the level of compliance the program will receive. Once the Ocean Stewardship User Fee is fully implemented and begins collecting revenue the spend plan will be updated to give a more accurate depiction of program funds.

This list is not comprehensive or final, but is designed to give stakeholders an idea of projects currently in consideration by DAR. DAR welcomes an open dialogue on priorities for this innovative fund and looks forward to working with community partners and commercial operators to implement this funding source.



SCUBA diver observing a coral head with schools of fish.

Image credit: Brian Neilson



### Stewardship Projects

To address the possible range of revenue generated from the Ocean Stewardship User Fee, DAR proposes to allocate a percentage of annual revenues to various project categories. We also provide an estimated cost for each project category, which is a rough estimate of anticipated materials, staff time, and other supporting costs. If the percentage allocation exceeds the needed funding for a project category, then excess funds would be allocated to other projects in the spend plan.

Project Category	Funds allocated <i>% of total revenue generated annually</i>	Commercial operators directly benefiting from this program
Statewide day use mooring buoy	25%	SCUBA/Snorkel commercial operators
Community stewardship	20%	All Commercial Operators
Coral Reef Restoration	20%	All Commercial Operators
Improving coastal water quality	10%	All Commercial Operators
Education and outreach	10%	All Commercial Operators
Marine invasive species management	5%	All Commercial Operators
Commercial operator stewardship	5%	All Commercial Operators
Marine debris prevention, response, and mitigation	5%	All Commercial Operators

## Statewide Day Use Mooring Buoy Program

Long term continuous anchoring in one area of reef causes stress to the reef. To mitigate this impact of continuous use, DAR is currently piloting a day use mooring program in Kona on Hawai'i Island. Supplemental funds from the Ocean Stewardship User Fee could be used to support scaling the day use mooring program to the next high-use priority sites at West Hawai'i, Molokini, and West O'ahu.

General benefit to commercial operators providing SCUBA and snorkel experiences and ocean recreation users with day use mooring needs.

**Allocation of  
Funds: 25%**

**Estimated  
Project Cost:  
\$200,000.00**

### **Maintenance of current pilot site in Kona**

*Locations: Hawai'i County*

### **Implementing new sites in West Hawai'i, Molokini, and West O'ahu**

*Locations: Maui County, Hawai'i County, Honolulu City and County*

## Community Stewardship Support and Grants

Supporting the community organizations and Hawai'i residents to steward places culturally, environmentally, and economically relevant to them would be a valuable use of Ocean Stewardship User Fee Funds.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

### **Grants for community led restoration**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Grants for community led monitoring**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Capacity building via internships and trainings**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Community led outreach and education**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Makai Watch program support**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

**Allocation of  
Funds: 20%**

**Estimated  
Project Cost:  
\$500,000.00**

## Coral Reef Restoration

Coral reef restoration diminishes the direct impact of human use and other anthropogenic stressors on coral reefs through intervention activities that improve reef conditions and promote overall reef resilience.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

**Allocation of**

**Funds: 20%**

**Estimated  
Project Cost:  
\$687,908.00**

### **Outplanting nursery grown corals onto coral reefs prioritized for resilience and restoration**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Artificial reefs on reef habitat to improve reef habitat complexity**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Emergency restoration response to coral and reef damage events**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Long-term monitoring**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

## Improving Coastal Water Quality

With a myriad of land based sources of pollution, it is a tremendous effort to identify and mitigate impacts on coastal water quality. A current focus for the State is increasing water quality monitoring efforts and improving watershed conditions.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

### **Establishing a Statewide coastal water quality monitoring program with coral health indicators**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Managing watershed health to mitigate threats from sedimentation**

*Locations: Maui County*

### **Statewide watershed coordination**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

**Allocation of  
Funds: 10%**

**Estimated  
Project Cost:  
\$487,112.00**



## Education and Outreach

Education and outreach efforts are essential to managing, conserving, and restoring Hawai'i's unique aquatic resources. Cultivating an ethic of sustainability and encouraging pono practices among resource users are crucial to successful resource management in Hawai'i.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

**Allocation of  
Funds: 10%**

**Estimated  
Project Cost:  
\$344,560.00**

### **Threatened and endangered species education campaigns**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Pono practices education campaigns**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

## Marine invasive species management

Marine invasive species pose a threat to Hawai'i marine life when they outcompete native species for space and food, often smothering the reef and choking out native species. Ocean Stewardship User Fee revenue would allow the State to respond rapidly to mitigate invasive species threats early and prevent these species from becoming established in the marine ecosystem.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

### **Control of invasive species**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Invasive species prevention**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Funds for community-led invasive species fishing tournaments**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

### **Long term monitoring of marine invasive species**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

**Allocation of  
Funds: 5%**

**Estimated  
Project Cost:  
\$250,000.00**

## Commercial Operator Stewardship Grants

Some commercial operators already participate in programming and engagement activities to steward the places they frequent. The Ocean Stewardship User Fee would like to support these initiatives and provide funds to support the continued stewardship from commercial operators.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

**Allocation of  
Funds: 5%  
  
Estimated  
Project Cost:  
\$100,000.00**

**Grants for operators to provide education and outreach services**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

## Marine Debris Prevention, Response, and Mitigation

Marine debris is an increasingly impactful threat to marine life health and the overall enjoyment of ocean recreation activities. Ocean Stewardship User Fee funds would alleviate marine debris response and mitigation pressure that largely falls on State agencies and communities to address.

General benefit to all ocean users (commercial operators, Hawai'i residents, and community organizations).

**Ghost net removal and rapid response**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

**Allocating funds to support community-led marine debris clean-ups**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

**Entangled threatened and endangered species rapid response**

*Locations: Maui County, Hawai'i County, Honolulu City and County, and Kaua'i County*

**Allocation of  
Funds: 5%  
  
Estimated  
Project Cost:  
\$168,556.00**

# Frequently Asked Questions

To review specific questions about the Ocean Stewardship User Fee, click on the links below.

## General Information

[Where did the Ocean Stewardship Fund come about and how will the fee be implemented?](#)

[What are the State's plans on collateral marketing and sharing information with travelers and guests beforehand?](#)

[Is it possible for commercial operators who have been consistently compliant and follow the rules to receive credit for ensuring that the passengers/customers are educated and mindful about their environment during their experiences with the ocean?](#)

[Will infants, who ride for free, be subject to the \\$1 fee as well?](#)

[Some of the larger boat operators are already paying one dollar \(\\$1.00\) per passenger on their gross receipt form to DOBOR. Will these fees to DOBOR go away and be converted into this new system?](#)

[Are staff and crew members of a commercial operation also subject to the \\$1 the Ocean Stewardship User Fee?](#)

[If commercial vessels are used on personal trips like holoholo will these trips be subject to the one dollar \(\\$1.00\) the Ocean Stewardship User Fee?](#)

[When does DAR anticipate starting allocating funds after the collection starts coming in?](#)

## Use of Fees

[Is it the intent for the information collected from operators to be used to limit access to areas in the future?](#)

[Can some of the funds go towards maintenance of boating facilities?](#)

[How will the fees collected contribute towards fisheries and actual fishermen who will be taxed \\$20/person per day, \\$40/person per week, \\$70/person per 12 months?](#)

[There are multiple fees that will go towards mooring upkeep, including the Ocean Stewardship User Fee. Will operators still be required to comply with multiple fees funding mooring upkeep?](#)

## Eligibility for User Fee

[What commercial operators are required to participate in the Ocean Stewardship User Fee?](#)

[Do passengers of charter fishing operators have to pay this new fee as well as obtain a nonresident marine fishing license?](#)

[Is gear rental included in the Ocean Stewardship User Fee?](#)

[How can we address the increasing number of bare boat rentals across the islands that do not consider themselves as commercial operators? Will this exclude them from the Ocean Stewardship User Fee requirement?](#)



For non-profit organizations that utilize grants to put passengers on educational vessels, will each passenger still be subjected to the one dollar (\$1.00) fee. Is there any way to be subsidized for situations in which non-profit organizations are promoting educational resources?

Are cruise ship passengers subject to pay the \$1 fee?

Are self-guided operators required to get a commercial use permit and are they subjected to the Ocean Stewardship User Fee?

## **Collecting the User Fee**

Can commercial operators submit these Ocean Stewardship User Fees at the same time and in the same way that they pay their DOBOR fees?

Why can't I just pay DLNR one time for my DOBOR permit fees and to transfer the collected Ocean Stewardship User Fees?

Commercial operators already report the number of passengers to DOBOR. Will I have to report the number of passengers separately to DAR?

I already report for a Molokini MLCD permit, do I have to complete another report each month?

Will collecting these fees increase the amount commercial operators owe in general excise taxes?

In the case that a commercial operator requires three permits for a single experience with a passenger/customer, will the permit holder be only charged once or will they be charged for each permit?

If a trip is refunded due to weather, are commercial operators still responsible for the fee even if the tour didn't go out?

## **Reporting and Compliance with the User Fee**

How can DAR/DLNR assure commercial ocean operators who have been compliant with regulations and fees that businesses who have been operating illegally will be held accountable and be subject to the same fees?

For those working with hotels, how will businesses handle disputes with customers who want a reimbursement, which also includes the \$1 Ocean Stewardship User Fee? Will the business be using their funds to cover that cost instead?

Will DAR be monitoring across the islands in-person to see compliance of operators with the Ocean Stewardship User Fee?

What are the penalties for companies who do not pay the Ocean Stewardship User Fees on time?

What happens if commercial operators don't collect or submit the collected fees to DLNR?

How will this new fee requirement be enforced fairly and consistently?

How will DAR ensure that the information operators submit is accurate?

Why do I have to keep records of customers or passengers for two years?

## General Information

**Where did the Ocean Stewardship Fund come from and how will the fee be implemented?**

*DAR proposed the legislation as an Administrative Bill which went through the legislative process. The Legislature adopted Act 46 and it was signed by the Governor in 2021. DAR was given 2.5 years to implement the user fee collection through commercial operators, with the intent that the users will be paying the fee. The user fee will be in effect starting January 1, 2024.*

**What are the State's plans on collateral marketing and sharing information with travelers and guests beforehand?**

*DAR will create a marketing strategy to inform the public of the implementation of the Ocean Stewardship User Fee program. This strategy will include materials for commercial operators to share information on program uses supported by the Ocean Stewardship User Fee and promote overall stewardship of Hawai'i marine resources.*

**Is it possible for commercial operators who have been consistently compliant and follow the rules to receive credit for ensuring that the passengers/customers are educated and mindful about their environment during their experiences with the ocean?**

*Although it is great that some operators inform their passengers/customers to be environmentally conscious, there are no exceptions in the statute to credit passengers for removing marine debris. However, DAR has received some suggestions to provide operators with educational materials to distribute for passengers/customers to interact with marine resources in a responsible way so that operators do not have to put their own money into developing materials to educate their clients.*

**Will infants, who ride for free, be subject to the one dollar (\$1.00) fee as well?**

*The way the statute reads, if infants are reported as passengers, they will still be subjected to the one dollar (\$1.00) fee. DAR acknowledges that different types of activities will have different levels of impact, but the statute is not based on the type of activity, but rather if there are ocean-related activities taking place under a commercial operator.*

**Some of the larger boat operators are already paying one dollar (\$1.00) per passenger on their gross receipt form to DOBOR. Will these fees to DOBOR go away and be converted into this new system?**

*The Ocean Stewardship User Fee does not take away the gross receipts that are due to DOBOR, as those other fees go to DOBOR facilities management and not ocean stewardship projects. The Ocean Stewardship User Fee will be in addition to fees currently paid to DOBOR, but specifically allocated to DAR to be used towards marine resource management.*

**Are staff and crew members of a commercial operation also subject to the one dollar (\$1.00) the Ocean Stewardship User Fee?**

*No. The definition of passenger doesn't include the captain or crew members or employees.*

**If commercial vessels are used on personal trips like holoholo will these trips be subject to the one dollar (\$1.00) the Ocean Stewardship User Fee?**

*No. Personal trips are not under commercial trips, so there is no requirement to be subjected to the one dollar (\$1.00) fee.*

**When does DAR anticipate starting allocating funds after the collection starts coming in?**

*That would depend on what projects have been identified and are ready to implement once the funds accrue. Some potential projects that may get funded include a pilot day use mooring inspection and maintenance program, statewide inventory of existing moorings, and maintenance status. More allocation to other projects will take place over time.*

## Use of Fees

**Is it the intent for the information collected from operators to be used to limit access to areas in the future?**

*No. The information about where and how much activity is taking place is for geographical purposes to help DAR allocate funds appropriately. The information collected could be used to help DLNR know where and how the fees should be spent to benefit operators and customers/passengers. This could include enhanced education and outreach, mooring maintenance, restoration needs, etc.*

**Can some of the funds go towards maintenance of boating facilities?**

*No. HRS §187A-51(c) does not allow Ocean Stewardship User Fee revenues to be used for maintenance of boating facilities. Pursuant to HRS §200-8, revenues generated from the commercial use permit fee through DOBOR are allocated toward projects like maintenance of boating facilities. However, as a sister agency, DAR can help communicate that need to DOBOR.*

**How will the fees collected contribute towards the non-resident recreational marine fishing license, which will collect twenty dollars (\$20.00)/person per day, forty dollars (\$40.00)/person per week, seventy dollars (\$70.00)/person per 12 months for non-residents?**

*The twenty dollars (\$20.00), forty dollars (\$40.00), seventy dollars (\$70.00) fees refer to a separate non-resident recreational marine fishing license that DAR is also implementing, but they will also be subject to the Ocean Stewardship User Fee. The funds from the non-resident fishing license will go into the sport fish special fund to support sport fish projects. The funds from the Ocean Stewardship User Fee will go towards projects like habitat enhancement which also benefit fisheries.*



**There are multiple fees that will go towards mooring upkeep, including the Ocean Stewardship User Fee. Will operators still be required to comply with multiple fees funding mooring upkeep?**

*DOBOR is proposing new fees specifically for use of manta site moorings to help pay for the costs associated with the upkeep of these moorings. The extra fee is justified by the more intensive use of the moorings (and therefore higher maintenance costs) by nighttime manta tour activities.*

## **Eligibility for User Fee**

**What commercial operators are required to participate in the Ocean Stewardship User Fee?**

*All commercial operators that hold a DOBOR commercial use permit are required to collect funds for the Ocean Stewardship User Fee. This includes ocean recreation charter vessels such as recreational fishing, SCUBA, snorkel, catamaran and sailboat cruises, and glass bottom boat tours. This also includes surfing programs and small craft rentals operating with commercial use permits.*

**Do passengers of charter fishing operators have to pay this new fee as well as obtain a nonresident marine fishing license?**

*There is no exemption for charter fishing operators under Act 46. Therefore, passengers of charter fishing operators that are required to have a permit pursuant to section 13-256-3 of the Hawai'i Administrative Rules would have to pay the Ocean Stewardship User Fee. Under Act 48, also signed into law in 2021, passengers of charter fishing operators who are nonresidents of the State of Hawai'i, over the age of 15, and not a member of the armed forces of the United States on active duty in Hawai'i or the spouse or minor child of such a member, would also be required to obtain a nonresident marine fishing license. See Act 48, section 2 (2021).*

**Is gear rental included in the Ocean Stewardship User Fee?**

*Rental of snorkel gear and other water sports equipment is not subject to the commercial use permit requirement and therefore not subject to the Ocean Stewardship User Fee.*

**How can we address the increasing number of bare boat rentals across the islands that do not consider themselves as commercial operators? Will this exclude them from the Ocean Stewardship User Fee requirement?**

*Bare boat rental companies are required to have a commercial use permit from DOBOR, so they are subject to the Ocean Stewardship User Fee.*

**For non-profit organizations that utilize grants to put passengers on educational vessels, will each passenger still be subjected to the one dollar (\$1.00) fee. Is there any way to be subsidized for situations in which non-profit organizations are promoting educational resources?**

*Yes, there may be opportunities for subsidies under unique circumstances. This will be addressed through the commercial operator stewardship grants outlined in the Ocean Stewardship User Fee spend plan.*

**Are cruise ship passengers subject to pay the one dollar (\$1.00) fee?**

*Cruise ships that operate out of commercial harbors are not required to have a commercial use permit from DOBOR, so the Ocean Stewardship User Fee would not apply to them.*

**Are self-guided operators required to get a commercial use permit and are they subjected to the Ocean Stewardship User Fee?**

*Companies who rent out vessels are required to have a commercial use permit, so they are also subject to the Ocean Stewardship User Fee. However, companies who rent out other water sports equipment (kayaks, surf boards, snorkel gear) are not required to have a commercial use permit and therefore would not be subject to the Ocean Stewardship User Fee.*

## Collecting the User Fee

**Can commercial operators submit these Ocean Stewardship User Fees at the same time and in the same way that they pay their DOBOR fees?**

*No, the payment method is different than the DOBOR fees and will require separate reporting. The new online system details will be further developed through scoping and the administrative rulemaking process. Based on currently available information, the Ocean Stewardship User Fees are likely to be submitted at the same time but not in the same way as the DOBOR fees related to the permit required by section 13-256-3. DAR is developing an online system that will allow the Ocean Stewardship User Fees to be submitted on a monthly basis online.*

**Why can't I just pay DLNR one time for my DOBOR permit fees and to transfer the collected Ocean Stewardship User Fees?**

*Separate payment or transfer is needed to account for the distinct purposes of the permit fees and the Ocean Stewardship User Fees. This enables DLNR to validate that each fee type is being spent in a way that fulfills the distinct purpose for which each fee was collected. For example, this ensures that DOBOR fees are spent on the expenses of operating, maintaining, and managing boating facilities and services and that Ocean Stewardship User Fees are spent on the expenses of marine resource conservation, restoration, enhancement, and educational activities, research, and enforcement actions.*

**Commercial operators already report the number of passengers to DOBOR. Will I have to report the number of passengers separately to DAR?**

*There will be a separate online system for the Ocean Stewardship Fund. DOBOR's operating system is primarily paper-based and is not efficient to gather the information requested for the user fees. The goal is to make this process completely online and user-friendly.*

**I already report for a Molokini Marine Life Conservation District (MLCD) permit, do I have to complete another report each month?**

*The requirements for the ocean stewardship user fee will not change or eliminate the Molokini Marine Life Conservation District permit reporting requirements. However, DAR is interested in developing an online system for the ocean stewardship user fee that will be able to integrate the Molokini Marine Life Conservation District permit reporting functions to avoid redundancy for operators.*

**Will collecting these fees increase the amount commercial operators owe in general excise taxes?**

*No, the fees collected from the OSUF will be tax exempt from general excise and income tax. Justification for this exemption can be found in Tax Announcement 2008-005.*

**In the case that a commercial operator requires three permits for a single experience with a passenger/customer, will the permit holder be only charged once or will they be charged for each permit?**

*A single commercial operator that transports passengers on multiple vessels during one trip (for example a submarine company that uses a tender vessel to transport passengers to and from shore) will only need to collect the fee one time per passenger.*

**If a trip is refunded due to weather, are commercial operators still responsible for the fee even if the tour didn't go out?**

*Yes, those passengers will still be subjected to the Ocean Stewardship User Fee because those customers were still reported in your passenger manifest. It is up to the business to create a policy on whether or not to refund the user fee, or if the business will cover the cost. DAR will work on providing educational materials for customers to understand where the fee will go towards.*



## Reporting and Compliance with the User Fee

**How can DAR/DLNR assure commercial ocean operators who have been compliant with regulations and fees that businesses who have been operating illegally will be held accountable and be subject to the same fees?**

*DAR acknowledges there are challenges with enforcement. The Ocean Stewardship User Fee is specific to manage the aquatic resources in the ocean to enhance user experience– it can be used towards things like broader education and outreach, better enforcement, or improving regulations. This may also include tracking down illegally run businesses and making sure they are compliant to the existing regulations and requirements to run an ocean-based business.*

**For those working with hotels, how will businesses handle disputes with customers who want a reimbursement, which also includes the one dollar (\$1.00) Ocean Stewardship User Fee? Will the business be using their funds to cover that cost instead?**

*It is up to the business to create a policy on whether or not to refund the user fee, or if the business will cover the cost.*

**Will DAR be monitoring across the islands in-person to see compliance of operators with the Ocean Stewardship User Fee?**

*There are no plans for DAR staff to regularly check compliance from commercial operators in-person. The intent of the online system is for a simple, accessible way for operators to provide requested information and payment for the Ocean Stewardship User Fee. This includes geographical information, types of services provided, etc. Other than identification information and passenger manifests to determine how much the Ocean Stewardship User Fee are collected, providing other information is voluntary. The information will help better inform DAR in where and how much to allocate funds across the state and will be transparent across the process.*

**What are the penalties for companies who do not pay the Ocean Stewardship User Fees on time?**

*Operators that do not submit on time may be subject to penalties including late fees, and in extreme circumstances, commercial use permit revocation. There is a statutory maximum administrative penalty of one thousand dollars (\$1,000.00) per violation. There is a criminal minimum penalty of two hundred and fifty dollars (\$250.00). Revocation of the commercial use permit is also possible.*

**What happens if commercial operators don't collect or submit the collected fees to DLNR?**

*DLNR is required to determine that all applicable laws have been complied with and that all fees and charges owed to the State have been paid before issuing or reissuing a commercial use permit or catamaran registration certificate under HAR under section 13-256-3. See HAR § 13-231-3(b) (am 2018), § 13-231-61(a)(3) (am and comp 2014). Act 46 is an applicable law for commercial operators and, as of January 1, 2024, the Ocean Stewardship User Fee will be a fee owed to the State that must be collected by commercial operators and transferred to DLNR on a monthly basis. See Act 46, section 2 (§187A-B). Therefore, DLNR would not issue or reissue commercial use permits or catamaran registration certificates to commercial operators that don't collect or submit their collected Ocean Stewardship User Fees to DLNR.*

**How will this new fee requirement be enforced fairly and consistently?**

*At present, DAR expects to coordinate with DOBOR to maintain a current list of the operators subject to collection of the fees under Act 46 and to share with DOBOR the compliance status of those operators, so any compliance or noncompliance with Act 46 can be taken into account during the issuance and reissuance process for commercial operator permits and catamaran registration certificates.*

**How will DAR ensure that the information operators submit is accurate?**

*DAR can match the numbers submitted with DOBOR's records. Alternatively, it is stated in the proposed rule that commercial operators are required to maintain records of the daily number of passengers carried or customers served for at least 24 months after the service date and shall be made available for inspection by the DLNR upon request. The intent is to do spot checks randomly to check for compliance, in hopes to promote honest reporting.*

### **Why do I have to keep records of customers or passengers for two years?**

*DAR may occasionally, at random, request these records from an operator to conduct an accounting to ensure compliance. This is important so that operators and their customers who fulfill the user fee requirements are not left carrying a disproportionate responsibility to the resources because of non-compliant individuals.*

# Appendix

The resources listed below were used to inform this document and outline appropriate uses of funds generated from the Ocean Stewardship User Fee.

## Board of Land and Natural Resources

- [Division of Aquatic Resources public hearing record](#)
- [Board of Land Natural Resources request for public hearing](#)
- [Board of Land and Natural Resources Briefing on the Ocean Stewardship User Fee](#)

## Legislative Resources

- [The Office of Hawaiian Affairs ceded lands revenue bill](#)
- The Ocean Stewardship User Fee and Special Fund legal documentation can be found in HRS §187-51 and §187A-52.
  - Ocean Stewardship User Fee: Section [187A-51](#)
  - Ocean Stewardship Special Fund: Section [187A-52](#)

## Academic and Programmatic Studies

- [Ocean Stewardship User Fee Feasibility Study](#)
- [Recreational Survey in Selected Marine Managed Areas in the Main Hawaiian Islands](#)
- [Coral Reefs and Coastal Tourism in Hawai'i](#)