



June 12, 2019

Dear Valued Customer:

RE: Wharfage, Facility Security Fees, & General Excise Tax Exemption Effective July 1, 2019

The State of Hawai'i Department of Transportation – Harbors Division (“DOT-H”) collects wharfage fees and facility security (“FSC”) fees from users of the State’s commercial harbors to finance expansion of and improvements to its infrastructure. As a harbor facility operator, Young Brothers, LLC (“YB”) is required to collect wharfage from users on behalf of DOT-H, with the fee amount based on the type and volume of cargo shipped. This year, the DOT-H will increase wharfage fees by three percent.

A complete listing of the new DOT wharfage fees can be viewed at the agency’s website <http://hidot.hawaii.gov/harbors/library/admin-rules/> once it has been updated.

In addition, all of YB’s freight checking, stevedoring and barge services are subject to General Excise Tax (“GET”), except for services related to loading and unloading customer freight from the barge. That is, while you pay GET on freight charges assessed by YB, you receive a *partial* exemption from GET for the loading and unloading portion of our service. This percentage is adjusted annually to reflect changes in the cost of service relating to loading and unloading freight from barges.

Effective July 1, 2019, 27.729% of your freight charges will be exempt from GET; the current exemption is 27.884%. Updated freight rate sheets will be available on our website on July 1, 2019.

If you have any questions, please contact your local customer service representative.

Sincerely,
/s/Keith Kiyotoki
Keith Kiyotoki
Manager, Sales & Marketing