

STAND. COM. REP. NO.

163

Honolulu, Hawaii

FEB 05 , 2025

RE: H.B. No. 914
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Transportation, to which was referred H.B. No. 914 entitled:

"A BILL FOR AN ACT RELATING TO WATER CARRIERS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Public Utilities Commission to establish an automatic adjustment mechanism, including a water carrier inflation cost index automatic adjustment mechanism; and
- (2) Authorize the Public Utilities Commission to waive or exempt a water carrier from the Hawaii Water Carrier Act.

Your Committee received testimony in support of this measure from the Department of Transportation; Office of the Mayor of the County of Kaua'i; Matson Navigation Company, Inc.; Young Brothers, LLC; Hawai'i Harbors Users Group; and Lanai Oil Company, Inc. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Public Utilities Commission.

Your Committee finds that water carriers in Hawaii face significant challenges due to inflation and regulatory lag, which

2025-1358 HB914 HD1 HSCR HMSO



hinder their ability to maintain efficient and affordable transportation services for passengers and goods. These challenges are exacerbated by the lack of a streamlined mechanism for timely rate adjustments in response to fluctuating economic conditions. This measure will allow water carriers to make annual rate adjustments to promote financial stability and service reliability.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Public Utilities Commission, in its written testimony to your Committee, raised concerns that the mandatory establishment of a water carrier inflationary cost index automatic adjustment mechanism may have compounding effects on rates and impact on customers. As such, the Public Utilities Commission recommended that the establishment of such a mechanism be discretionary. Your Committee respectfully requests your Committee on Consumer Protection & Commerce, should it deliberate on this measure, to consider the concerns raised by the Public Utilities Commission.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 914, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 914, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



DARIUS KILA, Chair



