

STAND. COM. REP. NO.

1384

Honolulu, Hawaii

MAR 20

, 2025

RE: S.B. No. 1638
S.D. 2
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 S.B. No. 1638, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Molokai Air Carrier Subsidy Program to provide subsidies to airlines operating out of Molokai Airport; and
- (2) Appropriate funds.

Your Committee received testimony in support of this measure from one member of the Maui County Council and Chamber of Commerce Hawaii. Your Committee received comments on this measure from the Department of Transportation.

Your Committee finds that residents of Molokai face significant challenges in accessing reliable and affordable air travel, which is essential for medical care, employment, and maintaining connections with other islands. With limited airline options, frequent flight cancellations, and high ticket prices, many residents experience financial hardship and delays in

2025-2735 SB1638 HD1 HSCR HMSO



receiving critical services. Your Committee believes that supporting air carriers operating out of Molokai Airport will ensure more consistent and accessible transportation options for the Molokai community.

Your Committee has amended this measure by:

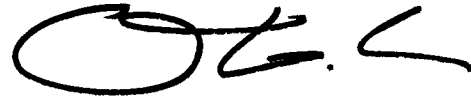
- (1) Amending the purpose section;
- (2) Changing the Molokai Air Carrier Subsidy Program to a three-year pilot program and placing the language in session law rather than codifying it in the Hawaii Revised Statutes;
- (3) Requiring an applicant to demonstrate measurable improvements in air service availability or affordability and requiring the Department of Transportation to establish guidelines to evaluate the extent of these improvements before awarding or renewing any subsidy;
- (4) Clarifying and expanding the reporting requirements on the Molokai Air Carrier Subsidy Pilot Program;
- (5) Requiring the Department of Transportation to conduct an annual audit of funds disbursed under the Molokai Air Carrier Subsidy Program and specifying that if an air carrier misuses funds, the carrier shall return the misused amount and is ineligible for further subsidies for a period of up to three years;
- (6) Inserting a sunset date of June 30, 2028;
- (7) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 1638, S.D. 2, as amended herein, and recommends that it pass



Second Reading in the form attached hereto as S.B. No. 1638, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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



DARIUS KILA, Chair



