

STAND. COM. REP. NO.

1200

Honolulu, Hawaii

MAR 13, 2025

RE: S.B. No. 21
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. 21, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to authorize the Public Utilities Commission to:

- (1) Establish a water carrier inflationary cost index automatic adjustment mechanism; and
- (2) 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; Chamber of Commerce Hawaii; Lana'i Oil Company; Young Brothers, LLC; and Hawai'i Harbors Users Group. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Department of Agriculture; and Public Utilities Commission.

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

2025-2495 SB21 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) Specifying that the water carrier inflationary cost index automatic adjustment mechanism be applied at an ongoing three-year cadence, where for two consecutive years the automatic adjustment mechanism is applied and for the third year an adjustment is conducted through the general rate case process;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) 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. 21, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 21, S.D. 2, 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



