

Honolulu, Hawaii

FEB 11 2025

RE: S.B. No. 21
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Transportation and Culture and the Arts, to which was referred S.B. No. 21 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a Water Carrier Inflationary Cost Index Mechanism;
- (2) Authorize the Public Utilities Commission to grant exemptions to any water carrier from any requirement under the Hawaii Water Carrier Act; and
- (3) Define "automatic adjustment mechanism".

Your Committee received testimony in support of this measure from the Department of Transportation; Office of the Mayor of the County of Kaua'i; Young Brothers LLC; Matson Navigation Company, Inc.; Hawai'i Harbors Users Group; and DSR Logistics Co.

Your Committee received testimony in opposition to this measure from Pacific Transfer LLC.

Your Committee received comments on this measure from the Department of Agriculture, Division of Consumer Advocacy of the



Department of Commerce and Consumer Affairs, and Public Utilities Commission.

Your Committee finds that water carrier rates often lag behind inflation because rate adjustments require that a formal rate case be approved by the Public Utilities Commission, which is a time consuming process. Consequently, rates are not typically adjusted annually and the lags between rate cases necessitate large increases when the rate cases are considered. Accordingly, this measure creates a mechanism that allows water carrier rates to keep pace with inflation without the need for a formal rate case.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 21, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 21, S.D. 1, and be referred to your Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Culture and the Arts,



CHRIS LEE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Culture and the Arts
TCA

Bill / Resolution No.:* SB 21	Committee Referral: TCA, CPN	Date: 02/06/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)				✓
ELEFANTE, Brandon J.C.	✓			
KANUHA, Dru Mamo	✓			
DECORTE, Samantha	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes