



STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

LATE

February 11, 2025
3:01 P.M.
State Capitol, Room 224

S.B. 1638
RELATING TO AIR CARRIERS

Senate Committee on Transportation and Culture and the Arts

The Hawai'i Department of Transportation (HDOT) would like to provide the following **comments on SB 1638**, which seeks to establish the Molokai Air Carrier Subsidy Program within HDOT to provide direct financial subsidies to airlines operating out of Molokai Airport.

HDOT, as an airport operator receiving federal funding, is subject to FAA grant assurances that prohibit the direct subsidization of air carriers. Establishing a state-funded subsidy program within HDOT would conflict with these federal requirements and could jeopardize HDOT's federal funding eligibility.

Rather than providing direct subsidies, HDOT is actively working to procure an air charter service contract that will allow the State to support the transportation of high-priority travelers, including medical personnel, patients, and other essential service providers to and from Molokai.

HDOT is aware of another commuter airline currently seeking FAA certification to provide service to Molokai. This airline is expected to begin operations by the end of 2025, which will increase competition and potentially lower airfare costs without requiring a direct subsidy.

Act 263, enacted by the Department of Health (DOH), has already allocated \$2,000,000 for medical flights to support residents of Molokai and Lanai. These funds will be available by March 31, 2025, specifically to assist with the critical transportation needs outlined in this bill.

While HDOT recognizes the importance of reliable and affordable air travel for Molokai residents, the approach proposed in SB 1638 conflicts with federal regulations and duplicates existing efforts already underway to improve air service access.

Thank you for the opportunity to provide testimony.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

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February 10, 2025

TO: The Honorable Chris Lee, Chair
Senate Committee on Transportation and Culture and the Arts

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 11, 2025; TESTIMONY IN SUPPORT OF SB1638, RELATING TO AIR CARRIERS**

I **support** this measure to establish the Molokai Air Carrier Subsidy Program within the Department of Transportation to provide financial assistance to airlines operating out of Molokai Airport.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. Molokai residents depend on affordable and reliable air travel for essential needs, including medical appointments, work, and family obligations. With only one airline currently serving the island, high ticket prices create financial hardships for residents who rely on interisland flights.
2. Providing subsidies to air carriers encourages competition and service expansion, helping to lower fares and improve accessibility for Molokai travelers. Supporting additional air carriers will create more options and reduce the burden on a single carrier serving the community.
3. A structured subsidy program ensures accountability and efficiency, requiring compliance with state and federal regulations while ensuring funds are used solely for operational costs that benefit Molokai residents. The program also mandates annual reporting to the Legislature, providing transparency in how subsidies are allocated and utilized.

Thank you for your consideration.

SB-1638

Submitted on: 2/10/2025 8:12:55 AM

Testimony for TCA on 2/11/2025 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Austin Johnsen	Individual	Support	Written Testimony Only

Comments:

In support

LATE

SB-1638

Submitted on: 2/11/2025 8:51:19 AM

Testimony for TCA on 2/11/2025 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Rob Stephenson	Individual	Support	Written Testimony Only

Comments:

Aloha,

Please support this bill.

Mahalo,

Rob Stephenson
Molokai Resident
mkkrob@me.com
8086580608

**HEARING BEFORE THE SENATE COMMITTEES OF
TRANSPORTATION AND CULTURE AND THE ARTS**

February 11, 2025, 3:01pm
Conference Room 224 & Videoconference
Hawaii State Capitol, 415 South Beretania Street



SB1638 - SUPPORT

Aloha Chair Lee, Vice Chair Inouye, and Respected Committee Members,

SB1638: Establishes within the Department of Transportation the Molokai air carrier subsidy program to provide subsidies to airlines operating out of Molokai airport. Appropriates moneys.

Aloha Chairs, Vice Chairs and Respected Committee Members:

Thank you in advance for taking the time to read my testimony. I have sincere love for, and personal roots on Molokai, and these are the reasons why I support this bill:

- **MOLOKAI BILLS: SB1638, SB1570, SB1640, SB557.** I believe the bills Sen DeCoite has introduced, are making a serious attempt to call needed attention to, address, and resolve many of the complex issues Molokai is facing right now. All are interconnected and have a roll in solving the unreliable air transportation, access to medical care, and economic crises for both the short, and long-term. But Sen DeCoite can't do this alone. She, we, **need your support and commitment in tackling issues that have now become a very serious problem to the health and safety of a segment of Hawaii's residents – Molokai.**

Our economy as you know, has been consistently declining and is now particularly fragile. Take a thoughtful look and you'll quickly recognize **Molokai has more needs than wants** – at its best, Molokai is basic. But residents' health, safety and its current economic state of affairs needs attention and commitment from the State.

- **FINANCIAL HARDSHIPS.** There are approximately 2500 jobs on island, and most pay minimum wage. One-third of our residents live through government assistance or social security.
 - Most residents have limited resources which limits access to any off-island services families may require;
 - Because of the lack of any long-term care facilities many are responsible for the care of those with limited resources who may require travel companions; and
 - Many can't afford the underinsured travel expenses of airfare, car rental and many times hotel lodging because of unreliable air service.
- **HIGH UNEMPLOYMENT.** Traditionally we've had the highest unemployment in the state, normally two to three times the state average – which means some of our residents only have sporadic medical coverage, or coverage that expires before they can get off-island to see their medical specialist, or medical specialist can come to Molokai.
- **VULNERABLE DEMOGRAPHICS.** The majority of our island's demographics are the elderly and the young – they are both vulnerable and less inclined, or unable to speak up and advocate for themselves. They in particular need access to in-person visits with medical professionals who can recognize and identify what they may not be able to convey.

- **PREPAY DENTAL SERVICES.** The majority of our on-island Dentists now are requiring payment upfront for their dental services. Residents now have to choose how they’re going to manage their monthly cash flow when requiring dental care – and would impede the ability for other off-island medical travel. Many simply forego dental treatment until its unbearable, but inevitably more costly.
- **UNRELIABLE AIR TRAVEL.** Because of delayed or cancelled flights, many of us find we can’t rebook a missed appointment or procedure with a medical specialist until months later which often leads to compounded medical problems, compounded expenses, and compounded stress.

Our past visitor numbers supported more consistent air transportation, a stronger local economy, job stability and the ability for more local businesses and residents to thrive – providing our community and future generations more choice and more opportunities.

- **LIMITED AIR CAPACITIES, AIRPORT RUNWAY EXPANSION.** We also need to acknowledge the reasons why we only have one airline, and the serious problems it’s causing to the health and welfare of our community. We certainly don’t need to expand the runway to receive jumbo jetliners, but we can set parameters to receive planes that could bring us back to our 1990 visitor numbers. These are not more visitors, but familiar numbers our community has experienced in the past, giving us the opportunity to return to past operational capacities that we’re familiar with.
 - Molokai had various types of larger jets in the past – Aloha Airlines 127-seater Boeing 737-200 jets and Hawaiian Airlines Boeing 123-seater 717-200 jets. But as we know, because of increased federal regulations and restrictions, they no longer can land on our shorter runway.

- Molokai Annual Visitor Arrivals:

MONTHLY AVERAGE:	
1990-1999	7,227
2000-2009	6,136
2010-2019	4,810
2020-2024	2,486

SOURCE: Hawaii Tourism Authority, Historical Visitor Statistics

Page: <https://www.hawaii tourism authority.org/research/historical-visitor-statistics/>

Spreadsheet: <https://www.hawaii tourism authority.org/media/13662/historical-visitors-through-2023-final-11-14-24.xlsx>

It is reasonable to say that every island will require a certain amount of fixed infrastructure and program needs to ensure a basic standard of living is met for its residents – and I don’t think anyone disputes reliable air transportation, access to medical care and economic stability are not a part of those needs.

Hawaii’s families don’t just live on the 4 large islands, we live on Molokai too.

Thank you so much for the opportunity to share my mana’o.

With Warmest Aloha,

Dawn Bicoy
Molokai Resident
Maunaloa, Hawaii