

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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

April 10, 2025
10:00 A.M.
State Capitol, Room 430

S.C.R 150
REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONVENE A
WORKING GROUP TO DEVELOP AND RECOMMEND FEDERAL, STATE, AND
COUNTY PROGRAMS SUBSIDIZING THE TRANSPORT OF WATERBORNE
CARGO

House Committee on Transportation

The Department of Transportation (DOT) **supports** this resolution and continuing the work of the Water Carriers Working Group established by Senate Resolution 125 in 2020.

In the final report of the Water Carriers Working Group, Recommendation No. 3 is the Federal/State/County Subsidies Working Group and Recommendation No. 4 is the Federal Waterborne Cargo Subsidies Program. This resolution addresses both and requests a report on the status of these subsidies prior to the next Regular Session of the legislature. To expedite this work, DOT recommends a reduction of the size of the working group to no more than five members excepting DOT, provided that the working group consult with additional parties prior to the transmittal of the report to the legislature.

Thank you for the opportunity to provide testimony.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEAN M. MATSUKAWA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
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TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION

THURSDAY, APRIL 10, 2025
10:00 AM
CONFERENCE ROOM 430

SENATE CONCURRENT RESOLUTION 150, S.D. 1
REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONVENE A
WORKING GROUP TO DEVELOP AND RECOMMEND FEDERAL, STATE, AND
COUNTY PROGRAMS SUBSIDIZING THE TRANSPORT OF WATERBORNE CARGO

Chair Kila, Vice Chair Grandinetti, and Members of the Committee:

Thank you for the opportunity to testify on S.C.R. 150, S.D. 1. This resolution requests the Department of Transportation to convene a working group to develop and recommend federal, state, and county programs subsidizing the transport of waterborne cargo.

The Department of Agriculture (Department) respectfully supports this resolution, and acknowledges the valuable contribution of waterborne carriers as an important component of Hawai'i's economy, particularly in facilitating the transport of essential goods, equipment, food, and agricultural commodities across the islands.

The Department further recognizes the importance of maintaining consistent and reliable shipping services throughout the state, and concurs that maritime support is critical to supporting food security in Hawai'i. In support of these objectives, the Department emphasizes that federal, state, and county subsidies play a vital role in sustaining the transport of waterborne cargo.

Thank you for the opportunity to provide testimony.





April 9, 2025

Representative Darius K. Kila, Chair
Representative Tina Nakada Grandinetti, Vice Chair
House Committee on Transportation

RE: Senate Concurrent Resolution No. 150, S.D. 1 – REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONVENE A WORKING GROUP TO DEVELOP AND RECOMMEND FEDERAL, STATE, AND COUNTY PROGRAMS SUBSIDIZING THE TRANSPORT OF WATERBORNE CARGO.

Hearing date: April 10, 2025, 10:00 a.m.

Aloha Chair Kila, Vice Chair Grandinetti, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC (“YB”)¹ offering **STRONG SUPPORT** for Senate Concurrent Resolution No. 150, Senate Draft 1.

This resolution requests the Hawaii State Department of Transportation (“HDOT”) to convene a working group and lead committees to develop and recommend federal, state, and county programs to subsidize the transport of waterborne cargo.

During the 2020 legislative session, the Hawaii State Senate adopted Senate Resolution No. 125, S.D. 1 (2020), requesting the PUC to convene the Hawaii Water Carriers Working Group (“HWCWG”) to discuss and recommend solutions to ensure continuous water carrier service throughout the State, balanced with the need for water carriers to maintain financial sustainability. In the HWCWG’s final report summarizing its findings and recommendations, the HWCWG recommended that the State Legislature pass a resolution directing the Hawaii Department of Transportation to convene working group(s) to create and recommend federal, state, and county subsidies for the transport of waterborne cargo. The working group found that due to Hawaii’s dependency on the import of goods, maritime support to ensure food security in the State is required.²

¹ YB is a common carrier by water, transporting property by tug and barge between the islands of O‘ahu, Hawai‘i, Kaua‘i, Maui, Moloka‘i, and Lāna‘i. YB is currently the only water carrier authorized to transport property under Chapter 271G, Hawaii Revised Statutes (“HRS”) (i.e., the Hawaii Water Carrier Act), subject to the regulatory authority of the Public Utilities Commission of the State of Hawaii (“PUC”). Since 1900, customers across Hawaii have relied on YB’s frequent, regular, and universal sailings to serve as the bridge that connects all communities in this island-state.

² See Final Report of the HWCWG (December 27, 2021) at 15-17, available at: <https://puc.hawaii.gov/wp-content/uploads/2021/12/Final-Water-Carriers-Working-Group-Report-12-01-2021.pdf>

YB is generally supportive of efforts to secure subsidies that can reduce the cost of shipping goods for its customers in ways that are consistent with State policy decisions. YB believes that such policy driven subsidies should be funded from external sources (e.g., federal funds or the State General Fund) rather than through cross-subsidization between YB's customers, which can lead to distorted non-cost-based rates for all customers.

In its March 25, 2025, testimony on this resolution, HDOT recommended “a reduction of the size of the working group to no more than five members excepting DOT, provided that the working group consult with additional parties prior to the transmittal of the report to the legislature.” YB supports this recommendation as it may facilitate HDOT’s ability to efficiently and effectively respond to this resolution.

For the reasons stated above, YB offers **STRONG SUPPORT** for this measure.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs



COMMITTEE ON AGRICULTURE AND ENVIRONMENT
Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards, III, Vice Chair

SB250
RELATING TO TAXATION

Friday, January 24, 2025, 1:00PM
Conference Room 224 & Videoconference

Chair Gabbard, Vice Chair Richards, and Members of the Committee,

The Hawaii Cattlemen's Council **supports SB250** which creates an income tax credit for transportation costs incurred by certain taxpayers who ship agricultural products and inputs between counties.

As an island state, shipping agricultural goods is necessary for many parts of the supply chain. The rising cost of transportation can be prohibitive for both new and established agricultural operations. While the Reimbursement Transportation Cost Payment Program is a welcome federal program, we have found that the producer cap is too low, so this supplemental state program is a welcome solution.

Over the past couple of years, we have asked our DC Delegates to raise the cap, and it was raised a small amount recently to \$11,200. While we were grateful for that increase, it is still not nearly enough to cover the 25% the program aims to cover.

Young Brothers just recently proposed to increase interisland shipping rates substantially. This income tax credit could help to alleviate the burden of the steep proposed increase.

We respectfully ask that the bill specify that "qualified transportation costs" include "produce and agricultural goods, including livestock." (Page 7, line 10)

We appreciate the opportunity to testify on this measure. The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county-level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





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Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committe on Transportation
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: April 10, 2025
TIME: 10am

RE: SCR150 REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONVENE A WORKING GROUP TO DEVELOP AND RECOMMEND FEDERAL, STATE, AND COUNTY PROGRAMS SUBSIDIZING THE TRANSPORT OF WATERBORNE CARGO.

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this resolution. Increasing local food production and access is a critical priority for our state. However, Hawaii's unique geography poses significant challenges for local food producers, particularly the high costs of interisland transportation. These costs often hinder the ability of local farmers and producers to bring their goods to market efficiently and competitively.

Furthermore, as the measure states, the 2021 Water Carrier Working Group report notes that, "the State's dependence on imported goods necessitates maritime support to ensure food security in the State."

Hawaii relies on water carriers to bring necessary supplies into the state, and to move locally produced products around the state. Programs to subsidize the transportation of waterborne cargo can help make Hawaii more food secure and more resilient, and

promote local food production and other forms of local manufacturing by making interisland shipping more cost effective.

We support this Resolution and would be happy to participate in the working group, or lend our expertise as needed.

Mahalo for the opportunity to testify, and for your continued commitment to supporting Hawaii's food producers and consumers.

SCR-150-SD-1

Submitted on: 4/9/2025 2:46:19 PM

Testimony for TRN on 4/10/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Frank Schultz	Individual	Support	Written Testimony Only

Comments:

I support this initiative.