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DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
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March 25, 2025
3:20 P.M.
State Capitol, Room 224

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

Senate Committee on Transportation and Culture and the Arts

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.



March 25, 2025

Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair
Senate Committee on Transportation and Culture and the Arts

RE: Senate Concurrent Resolution No. 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.

Hearing date: March 25, 2025, 3:20 p.m.

Aloha Chair Lee, Vice Chair Inouye, 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.

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 a working group 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. Said working group (the Hawaii Water Carriers Working Group, hereinafter “HWCWG”) was comprised of 18 key stakeholders from both the public and private sectors² and met 13 times from August 2020 through October 2021 to gather background information on water carriers, Hawaii’s harbor system, and regulatory oversight of water carriers.

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 The HWCWG was comprised of (titles listed are the titles that were in effect upon the WCWG’s filing of its final report to the Governor and the Hawaii State Legislature): Senator Ronald Kouchi, Senate President and Senator Gilbert Keith-Agaran, Designee; Representative Scott Saiki, Speaker of the House and Representative Mark Nakashima, Designee; Senator Lorraine Inouye, Chair, Senate Committee on Water and Land; Senator Chris Lee,

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.³

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.

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

Chair, Senate Committee on Transportation; Representative Henry Aquino, Chair, House Committee on Transportation; Rick Blangiardi, Mayor, City & County of Honolulu and Matthew Gonsler, Designee; Derek Kawakami, Mayor, County of Kauai and Reiko Matsuyama/Michael Dahilig, Designees; Michael Victorino, Mayor, County of Maui and Stacy Crivello, Designee; Mitch Roth, Mayor, County of Hawaii and Steven Hunt, Designee; Leo Asuncion, Commissioner, Public Utilities Commission; Dean Nishina, Executive Director, Office of the Consumer Advocate and Lisa Hiraoka, Designee; Mike McCartney, Director, Department of Business, Economic Development & Tourism and Mary Alice Evans/Dori Palcovich, Designees; Jade Butay, Director, Department of Transportation and Derek Chow, Designee; Phyllis Shimabukuro-Geiser, Chairperson, Department of Agriculture; Jay Ana, President, Young Brothers, LLC and Kris Nakagawa, Designee; Vic Angoco, Vice President, Matson Navigation Co., Inc.; Michael Caswell, Senior Vice President, Pasha Hawaii and Randy Grune, Designee; Donna Domingo, President, ILWU Local 142 and William "Baba" Haole, Designee.

³ 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>



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Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Transportation Culture and the Arts

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: March 25, 2025

TIME: 3:20pm

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.