

STAND. COM. REP. NO. 1400

Honolulu, Hawaii

MAR 24 2023

RE: H.B. No. 24
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Transportation and Culture and the Arts, to which was referred H.B. No. 24, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to remove the requirement that water common carriers secure prior approval of the Public Utilities Commission to enter into long-term leases of more than three years and leverage leases.

Your Committee received testimony in support of this measure from Hawaii Harbor Users Group; Matson Navigation Company, Inc.; and Young Brothers, LLC. Your Committee received testimony in opposition to this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs. Your Committee received comments on this measure from the Public Utilities Commission.

Your Committee finds that as an island state, Hawaii relies on commercial harbors and water common carriers to ensure the continued and unimpeded flow of cargo throughout the State. Over ninety percent of goods in the State are imported, including fuel, food, goods, construction materials, and motor vehicles. While the current regulatory framework provides safeguards to water common carrier operations, certain requirements may impede the



timely flow of goods in the State. This measure improves regulatory efficiency for water common carriers while also ensuring an uninterrupted supply chain in the State.

Your Committee has amended this measure by:

- (1) Clarifying that a water common carrier, upon prior approval of the Public Utilities Commission, may:
 - (A) Enter into vessel leases longer than five years; or
 - (B) Enter into leverage leases for vessels;
- (2) Clarifying the definitions of "property" and "facilities" to prohibit water common carriers from entering into vessel leases longer than five years or enter into leverage leases for vessels to acquire property or to construct, complete, extend, improve, or add to its facilities or service;
- (3) Clarifying that any vessel leases longer than five years and all leverage leases for vessels without an authorizing order of the Public Utilities Commission shall be deemed void; and
- (4) 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 H.B. No. 24, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 24, H.D. 1, 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-Second Legislature
 State of Hawai'i

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

Bill / Resolution No.:* HB 24 HD1	Committee Referral: TCA, CPN	Date: 3/14/23
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUE, Lorraine R. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
KEOHOKALOLE, Jarrett	✓			
AWA, Brenton	✓			
TOTAL	5			

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes