



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA
SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Transportation and Culture and the Arts
Thursday, February 1, 2024
3:00 P.M.
State Capitol, Conference Room 224 and via Videoconference**

**On the following measure:
S.B. 2097, RELATING TO MOTOR CARRIERS**

Chair Lee and Members of the Committee:

My name is Gordon I. Ito, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to repeal the regulation of motor carriers by the Public Utilities Commission and make conforming amendments.

Section 12 of this bill repeals Chapter 271 of the Hawaii Revised Statutes ("HRS").

Section 11 amends HRS § 431:10C-702, *Relation to other laws*, which presently states: "Solely for the purposes of ***this article***, neither a transportation network company nor a transportation network company driver shall be deemed to be a common carrier by motor vehicle, a contract carrier by motor vehicle, a motor carrier ***as defined in section 271-4***, a taxicab, or a for-hire vehicle service." (emphasis added).

Section 11 of this bill, in part, removes the reference to section 271-4, which would be repealed by Section 12 of this bill, and adds new definitions for three terms: “common carrier by motor vehicle”, “contract carrier by motor vehicle”, and “motor carrier”. However, HRS chapter 431, article 10C **does not** use any of these terms.

We respectfully suggest that if HRS chapter 271 is repealed, HRS § 431:10C-702 is no longer necessary and should also be repealed.

Thank you for the opportunity to testify.

TESTIMONY OF
LEODOLOFF R. ASUNCION, JR.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
SENATE COMMITTEE ON TRANSPORTATION AND
CULTURE AND THE ARTS

February 1, 2024
3:00 p.m.

Chair Lee, Vice Chair Inouye, and Members of the Committee:

MEASURE: S.B. No. 2097

TITLE: RELATING TO MOTOR CARRIERS.

DESCRIPTION: Repeals the regulation of motor carriers by the Public Utilities Commission. Makes conforming amendments.

POSITION:

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to deregulate motor carriers.

The Commission understands this measure repeals Chapter 271, Hawaii Revised Statutes (“HRS”), or the Motor Carrier Law, and simultaneously authorizes each county to regulate motor carriers.

At the end of Fiscal Year 2023, the Commission was regulating 1,741 motor carrier entities across the State. Regulated motor carriers file annual financial reports and pay annual fees to the Commission. These motor carrier fees amount to almost 10% of all fees, or \$1.7 million in Fiscal Year 23, collected annually by the Commission. Elimination of these fees will have a direct impact on the Public Utilities Commission Special Fund.

This measure may impact motor carriers that operate in multiple counties, especially if counties choose to establish their own rules, ordinances, and requirements that may differ from county to county. The Commission suggests considering the language in

S.B. 3220 in transferring responsibility to the State Department of Transportation (“DOT”) that would allow for consistent and uniform rules for motor carriers that operate in multiple counties.

Lastly, on page 23, line 17 to page 24, line 1, the bill repeals the definition of “enforcement officer” from Section 269-1, HRS. The Commission notes that enforcement officers hired by the Commission not only ensure compliance of motor carriers with respect to Chapter 271, HRS, but also of address informal and formal complaints made in regards to the other public utilities – electricity, telecommunications, gas, water carriers, and private water and wastewater companies under the purview of the Commission and ensures their compliance with Commission’s statutes and regulations. Thus, the Commission asks that the definition of “enforcement officer” remain in Section 269-1, HRS.

The Commission defers to the DOT regarding the repeal of “motor vehicle safety officer” as noted on page 24, lines 1 to 5, in the bill.

Thank you for the opportunity to testify on this measure.

SB-2097

Submitted on: 1/31/2024 1:59:01 PM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ivan Silva	Testifying for Aloha Trucking, Inc	Oppose	Written Testimony Only

Comments:

Chris Lee - Chair & Lorraine Inouye - Vice Chair Transportation and Culture and the Arts

Thursday, February 1, 2024, 3:00 p.m.

Opposition to SB2097

Aloha Chair Lee, Vice Chair Inouye and Committee Members,

Aloha Trucking, Inc has been providing trucking services to contractors and the general public for over 25 years. We have serviced many of the large public infrastructure projects visible today such as HNL Mauka Ext project at the Daniel K Inouye International, Kaiser Kapolei, Clinic, numerous solar facilities, Kaneohe State Hospital project and more.

We have been able to remain in business this long because our industry has been protected thru regulation by the PUC. We strongly oppose SB2097 which relates to deregulation of motor carriers.

Currently, the PUC determines if new carriers are financially and legally fit to perform services safely for the public. This includes making sure they have initial operating funds and a proposed plan to be profitable, adequate insurance, and a State of Hawaii tax clearance prior to operating. Carriers are also required to have a tariff filed with their fee structure clearly defined. The PUC determines if proposed tariffs are appropriate rates to operate safely and efficiently.

The PUC also determines the necessity of additional carriers to geographic regions and routes. All of these areas regulated by the PUC contribute to the safety and value of services provided to the general public.

Deregulation could cause safety concerns for the public because carriers would potentially cut corners on safety by operating below necessary rates to try and establish themselves in the industry. We already have major issues with individuals that we call “fly by nights” doing this and making it harder to do business in Hawaii.

Examples of safety deficiency would be running unsafe tires, hiring unqualified drivers or letting insurance lapse. The PUC makes sure all carriers have a current certificate of insurance on file. PUC regulation is needed to support a fair and competitive market. More importantly, PUC regulation ensures that motor carriers have the financial and legal means to operate safely. This protects the drivers and the public.

We strongly oppose the passing of SB2097. Thank you for the opportunity to testify.

Sincerely,

Ivan Silva

President

Aloha Trucking, Inc

808-220-9801

Chris Lee – Chair & Lorraine Inouye – Vice Chair
Transportation and Culture and the Arts

Thursday, February 1, 2024, 3:00 p.m.

Opposition to SB2097

Aloha Chair Lee, Vice Chair Inouye and Committee Members,

B & C Trucking Co., Ltd has been providing trucking services to contractors and the general public since 1947. We have serviced many of the large public infrastructure projects visible today such as the Pali Highway, H-1 Freeway, and the H-3 Interstate. We have been able to remain in business this long because our industry has been protected thru regulation by the PUC. We strongly oppose SB2097 which relates to deregulation of motor carriers.

Currently, the PUC determines if new carriers are financially and legally fit to perform services safely for the public. This includes making sure they have initial operating funds and a proposed plan to be profitable, adequate insurance, and a State of Hawaii tax clearance prior to operating. Carriers are also required to have a tariff filed with their fee structure clearly defined. The PUC determines if proposed tariffs are appropriate rates to operate safely and efficiently. The PUC also determines the necessity of additional carriers to geographic regions and routes. All of these areas regulated by the PUC contributes to the safety and value of services provided to the general public.

Deregulation could cause safety concerns for the public because carriers would potentially cut corners on safety by operating below necessary rates to try and establish themselves in the industry. Examples of safety deficiency would be running unsafe tires, hiring unqualified drivers or letting insurance lapse. The PUC makes sure all carriers have a current certificate of insurance on file.

PUC regulation is needed to support a fair and competitive market. More importantly, PUC regulation ensures that motor carriers have the financial and legal means to operate safely. This protects the drivers and the public. We strongly oppose the passing of SB2097. Thank you for the opportunity to testify.

RADIO DISPATCHED

A FLEET OF HEAVY DUTY EQUIPMENT TO SERVE YOU

TANDEM • SEMI-END DUMPS • TRACTORS • FLATBEDS • LOADERS • LOW BEDS

SB-2097

Submitted on: 1/31/2024 9:57:09 AM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Carlene Maria	Testifying for EC Trucking LLC	Oppose	Written Testimony Only

Comments:

Aloha,

My name is Carlene Maria and I am the owner of EC Trucking LLC, I am strongly opposing SB2097, if this bill is passed it will not only cause very serious safety issues it could also potentially cause a lot of companies to go out of business.

I hope you will consider voting against SB2097.

Sincerely,

Carlene Maria

E NOA CORPORATION

OPERATORS OF E NOA TOURS & WAIKIKI TROLLEY

"THE TOUR & TROLLEY PEOPLE"

Testimony of Maki Kuroda, CEO/President
E Noa Corporation/Waikiki Trolley & E Noa Tours
Before the Senate Committee on Transportation and Culture and the Arts

Thursday, February 1, 2024

In Oppose of S.B. Bill No. 2097
Relating to Motor Carriers

Aloha and Good afternoon, Honorable Chair Lee, and Members of the Committee. My name is Maki Kuroda; I am the CEO and president of E Noa Corporation, which owns and operates the Waikiki Trolley and E Noa Tours. I appreciate the opportunity to submit this testimony in opposition to Bill 2097, which removes motor carriers from the jurisdiction of the Public Utilities Commission (PUC). This means the counties would regulate these carriers rather than PUC. After careful and objective analysis, I must acknowledge that while this concept presents certain convenience, I conclude that the disadvantages significantly outweigh the benefits.

Lack of Uniformity: With each county having the power to regulate independently, there might be a lack of uniformity in regulations across the state. This could lead to confusion and operational difficulties for transportation companies operating in multiple counties.

Resource Limitations: Some counties may lack the resources, expertise, or infrastructure to regulate motor carriers effectively, leading to potential gaps in oversight and enforcement.

Safety Concerns: If counties cannot enforce regulations effectively due to resource constraints or lack of expertise, there could be concerns about maintaining safety standards in motor carrier operations.

Inconsistent Safety Standards: Each county having its own regulatory framework could lead to inconsistent safety standards across the state. This inconsistency might confuse operators and potentially compromise passenger and driver safety.

Confusing Regulatory Environment: Different policies and regulations in each county can create a complex and confusing regulatory environment for motor carrier companies, especially those operating across multiple counties. This could increase administrative burdens and costs associated with compliance.

Risk of Regulatory Race to the Bottom: There's a potential for a 'race to the bottom' in regulatory standards, where counties might reduce regulations to attract more businesses, inadvertently compromising safety and service quality.

Impact on Consumer Protection: Deregulation might reduce oversight on fare structures and service quality. This could lead to unfair pricing practices, reduced service availability, especially in less profitable areas, and decreased consumer protection.

Increased Administrative Burden for Counties: Counties may face increased administrative and financial burdens as they take on regulatory responsibilities. This could strain local resources, especially for smaller counties with limited budgets and expertise in transportation regulation.

Potential for Increased Legal Disputes: Differing regulations across counties could lead to increased legal disputes and complexities, particularly for incidents or compliance issues spanning multiple jurisdictions.

Impact on Environmental Standards: Inconsistent or lax regulations could lead to environmental concerns, such as increased emissions, if counties do not enforce strict vehicle maintenance and environmental standards.

Challenges in Long-term Planning: Deregulation and fragmented regulatory landscapes can hinder long-term transportation infrastructure planning and investments, often requiring consistency and predictability in regulatory environments.

These concerns highlight the importance of careful consideration and planning in any move towards deregulation, particularly in a sector as critical to public safety and infrastructure as transportation.

Respectfully,

Maki Kuroda

Maki Kuroda
CEO/President
E Noa Corporation/Waikiki Trolley

SB-2097

Submitted on: 1/30/2024 2:49:20 PM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tessie Ryusaki	Testifying for GUAVA EXPRESS INC.	Oppose	Written Testimony Only

Comments:

Aloha,

On Behalf of Guava Express Inc we oppose bill SB2097. We have been in business for over 33 years, with our extensive experience in this industry we feel that this deregulating of the PUC will do more harm than good. It would cause unnecessary liability and accrue safety concerns.

Sincerly,

Tessie E. Ryusaki

President

Guava Express Inc

SB-2097

Submitted on: 1/29/2024 5:37:11 PM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
kelvin kohatsu	Testifying for Hawaii Transportation Association	Oppose	In Person

Comments:

Good Afternoon,

My name is Kelvin Kohatsu, residing in Hilo, Hawaii. I traveled today from Hilo, representing Hawaii Transportation Association as their managing director, in opposition of SB2097/HB1681 Deregulation of our transportation industry here in Hawaii.

There are already many non-regulated entities operating in the State of Hawaii, without the proper PUC authority, permits, license, and common carriers license issued by the PUC, without any payments, tariffs, or fees to the State of Hawaii.

The many members of our organization, who follow the law(s), pay their fees, obtain their insurance, obtain the proper licenses, permits, and safety inspections monitored by the MVSO-DOT, have voiced their concerns in opposition of SB2097/HB1681.

Please do not ignore their concerns, their livelihood, and their business, that transport the products and people, that are so important for our way of life in Hawaii.

Thank you for hearing our concerns,

Kelvin Kohatsu - Managing Director

Hawaii Transportation Association

SB-2097

Submitted on: 1/30/2024 11:48:31 AM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cassie Moniz	Testifying for Moniz Trucking LLC	Oppose	Written Testimony Only

Comments:

Aloha,

Moniz Trucking has been in business since 2007 we strongly oppose bill SB2097, which refers to deregulating our PUC. We feel it will cause a safety concern, the PUC is in place to regulate and ensure that all companies are insured and follows policies relating to the PUC gudelines. Without the PUC in order, it could possibly cause uninsured companies to work unsafely on our roads and hihghways. We are also at risk to mainland companies coming to our islands and working without proper identifications.

Mahalo,
Cassie Moniz

SB-2097

Submitted on: 1/31/2024 12:56:13 PM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Wendi Vasconcellos	Testifying for Pohaku Equipment Services LLC	Oppose	Written Testimony Only

Comments:

Aloha Senate Committee,

In regards to Senate Bill 2097, we Oppose this Bill.

I am Wendi Vasconcellos representing Pohaku Equipment Services LLC with operations in Honolulu. We are a small business and fairly new entity with over 20 years of experience in this field.

We Oppose Bill 2097 for the following reasons:

- Deregulating the PUC would create volatile pricing in the industry.
- Intensify pricing / bidding process further.
- Create further shortage of drivers and other labor concerns.
- Create companies to close / end their legacy.
- This will have an impact on Hawaii's Retail channels.
- This will have an impact on Hawaii's larger income streams - Tourism and Construction.
- Ripple effects will create unsafe measures for the public.
- Under President Jimmy Carter, he signed trucking deregulation and the industry suffered.

Simply, there is no positive in deregulating the PUC for Motor Carriers.

Thank you,

Wendi Vasconcellos

SB-2097

Submitted on: 1/30/2024 10:55:11 AM

Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marc Rubenstein	Testifying for Polynesian Adventure Tours, LLC	Oppose	Written Testimony Only

Comments:

Subject: Opposition Testimony on Senate Bill 2097 – Rrelating to Motor Carriers

Dear Members of the Committee,

I am writing to express my strong opposition to Senate Bill 2097, which seeks to deregulate motor carrier transportation in the state of Hawaii. With over 25 years of experience in transportation, I firmly believe that the proposed deregulation would have severe consequences for both the industry and the well-being of our local community.

The current regulatory framework governing motor carrier transportation in Hawaii serves as a crucial safeguard for the public, ensuring the safety, reliability, and efficiency of transportation services. Deregulating this industry would undermine these essential principles, leading to a myriad of issues that could negatively impact our state.

One of the primary concerns is the potential compromise of safety standards. The existing regulations provide a framework that mandates safety practices, training requirements, and equipment standards for motor carriers. Deregulation could potentially remove or weaken these standards, posing an increased risk to both the drivers and the general public.

Additionally, deregulation may lead to unfair market practices, ultimately harming the businesses that have adhered to the current regulatory framework. The established carriers have invested heavily in complying with existing regulations, and sudden deregulation could create an uneven playing field, jeopardizing the livelihoods of those who have responsibly operated within the legal framework.

Furthermore, the proposed bill lacks clarity on how it intends to protect consumers from potential exploitation. Regulations currently in place help ensure fair pricing, transparency, and accountability within the industry. Removing these safeguards could expose consumers to unfair business practices, price gouging, and a lack of accountability from service providers.

In conclusion, I urge the members of the Committee to reconsider the potential consequences of Senate Bill 2097. Deregulating motor carrier transportation in Hawaii has the potential to compromise safety standards, create unfair market conditions, and leave consumers vulnerable to exploitation. I implore you to prioritize the well-being of our community and the stability of the industry by rejecting this proposed legislation.

Thank you for your time and consideration.

Sincerely,

Marc Rubenstein

SVP / COO

Polynesian Adventure Tours

LATE

SB-2097

Submitted on: 1/31/2024 10:15:30 PM
Testimony for TCA on 2/1/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
De MONT Kalai Manaole	Testifying for Ho'omana Pono, LLC	Comments	In Person

Comments:

We just want to provide a comment in hopes that this committee will make an Amendment to this bill.

While we appreciate the intent of this bill to deregulate the Motor Carrier Law of this State.

Our collective concern is what may be an unintended consequence, may turn out to be a bad thing for local Motor Carriers.

It is the express sentiment of our Motor Carrier Affiliates, that this bill will open the door for Foreign Motor Carriers or Out-of-State Motor Carriers to come to Hawaii and drive the local Motor Carriers out of business.

Therefore, we seek a simple AMENDMENT that expressly state the intent of this bill is to lift the onerous burden which the Regulation of Motor Carriers have on LOCAL Motor Carrier businesses.

Secondly, that this bill does NOT "Deregulate" Out-of-State Carriers or Foreign Motor Carriers.

We would greatly appreciate these AMENDMENTS to this bill.

Mahalo.



January 31, 2024

Chairman Chris Lee
Vice Chairwoman Lorraine R. Inouye
Hawaii Senate Committee on Transportation and Culture and the Arts
Hawaii State Capitol
415 South Beretania St.
Honolulu HI 96813

RE: Testimony in Support of SB2097 – Relating to Motor Carriers

Dear Chairman Lee and Vice Chairwoman Inouye,

I write today, as President and Chief Operating Officer of Pacific Transfer LLC, to express Pacific Transfer's strong support of Senate Bill 2097.

Pacific Transfer is a local, family-owned, small business specializing in transportation. We were founded in 1978 by my father-in-law, Alvin Tanaka.

Starting out with a little more than Mr. Tanaka, a dozen or so employees, and a small fleet of used tractors and trucks 46 years ago, Pacific Transfer has grown into the largest container drayage provider in the State of Hawaii with fifty tractors (the total fleet is comprised of approximately seventy trucks), 100 employees, and two terminal/warehouse facilities located on the Island of Oahu. We are blessed to represent, in varying capacities, virtually every major retailer in the State.

Pacific Transfer is a strong advocate for the importance of government oversight, rule-making, and regulatory administration within Hawaii's economy and the varied segments that comprise the marketplace. Effective governance provides an environment that fosters growth and protects both the consumer and the businesses providing goods and services to those consumers in Hawaii.

However, there are times in which the traditional regulatory role State government fulfills becomes unnecessary and excessively burdensome and costly to the businesses participating in the marketplace and ultimately fails to provide any benefit to the consumer. This condition currently exists, and has long existed, in the Hawaii transportation market. Pacific Transfer believes this proposed measure relieves Hawaii property carriers of unnecessary and costly administrative burdens and benefits the Hawaii consumer. The State of Hawaii, or at least various departments within the State of Hawaii have in the past, agrees with this assessment.

There have been numerous studies over a period of close to fifty years that have looked at the question of whether or not Hawaii should continue to regulate economic (rates and tariffs) aspects of the Hawaii transportation market. All have empirically concluded Hawaii should not.

Senate Resolution No. 28 concluded in 1978, "There is little reason why government should intervene to make a competitive industry non-competitive... Our basic recommendation is for the State to withdraw from the economic regulation of motor carriers."

Senate Concurrent Resolution No. 89 concluded in 1989, We recommended in our 1975 audit that motor carriers be deregulated except for safety aspects, which should be assigned to the highway safety coordinator for standards and county police departments for enforcement. We found in 1975 and believe today that the current economic regulation of motor carriers does not encourage competition or efficient practices and that the attendant rates are higher than they would be under competitive conditions..."

DBEDT conducted a study in 1996, of which I strongly recommend all members of the committee read if they have the opportunity, entitled ***Regulation of Motor Carriers in Hawaii: Is There A Need for Reform?***. The study noted when discussing the impacts of deregulation, "In Hawaii's case, quality and quantity of services will be improved as carriers provide more variety of services to increase profits and also adopt strategies to differentiate their services from other carriers to attract more businesses." and "...This can help Hawaii businesses in the property market to reduce business costs; savings can be passed onto consumers." The study concluded, "Considering these factors, Hawaii may wish to begin to consider easing the regulatory policy governing the motor carrier market."

Act 94, Session Laws of Hawaii 2003, found in 2004 "Government regulation has rendered (the motor carrier) industry inefficient and non-competitive" and "...since regulated motor carrier rates tend to be higher, shippers' distribution costs are generally higher as well and consumers end up paying more for goods than they would without regulation. With deregulation, the price reduction in individual commodities and services may be marginal but when taken as an aggregate, it can mean substantial savings for Hawaii's businesses and consumers."

Most importantly, the audit also found "The benefits of motor carrier regulation impact relatively few consumers when compared to other regulated industries yet consumes significant commission resources...The time PUC spends on motor carrier issues could be spent on issues with broader impact and greater consumer concern. Motor carrier regulation diverts resources from more important regulatory matters."

Lastly the audit noted "Strongest factor supporting deregulation is the nonparticipation of the Consumer Advocate in Motor Carrier dockets. CA doesn't participate due to a belief that the number of carriers provides sufficient competition to protect consumers' interests".

The audit concluded, "By avoiding the question of whether or not motor carrier regulation is warranted, PUC neglects its policy-making function. Considering PUC receives about 200 motor carrier applications annually perpetuation of potentially unnecessary regulation results in delays and costs for motor carriers and waste of public resources."

All of these findings by various State of Hawaii government agencies begs the question as to why they unanimously find it to be no longer necessary or good public policy to regulate and intervene in economic matters within the transportation segment of the economy.

To put it most simply, because the Hawaii transportation segment is a fully saturated marketplace and, by definition, is naturally competitive. Pacific Transfer would posit that the Hawaii transportation market is in fact the MOST competitive market segment in all of Hawaii. The fact is the PUC recognizes this and justifiably focuses its attention on markets that need its oversight to ensure the Hawaii consumer is well served.

The below is from the PUC FY 2023 Annual Report:

Figure 1 – Entities Regulated by the Hawaii Public Utilities Commission

Industry	Type	Regulated Entities
Energy	Electricity	Hawaiian Electric Company, Inc.
		Maui Electric Company, Ltd.
		Hawaii Electric Light Company, Inc.
		Kauai Island Utility Cooperative
	Gas	The Gas Company, dba Hawaii Gas
Transportation	Water Carriers	Young Brothers
		Hono Heke
	Motor Carriers	1,123 Passenger Carriers
		618 Property Carriers
Telecom		Hawaiian Telcom
		225 Wireless and Wireline Companies
Water/Wastewater		40 Private Water and Sewer Companies

Please note the number of market participants in each segment the PUC has regulatory oversight:

- Energy - 6
- Transportation
 - Water Carriers – 2
 - Passenger and Property Carriers - **1741**
- Water/Wastewater – 40

1741 regulated participants in the market. However, according to DBEDT’s 2022 State of Hawaii Data Book, there are a total of **7,333** passenger and property carriers in the State.

Table 18.24-- MOTOR CARRIER CHARACTERISTICS, BY COUNTY: 2022

[As of September]

County	Passenger carriers 1/			Property carriers 2/	
	Number of carriers	Number of vehicles	Seating capacity	Number of carriers	Number of vehicles
State total	1,362	6,082	119,747	5,971	25,219
Hawaii	215	1,020	19,786	1,316	5,171
Maui	153	1,343	28,453	1,040	4,012
Honolulu	901	3,224	58,373	3,010	13,863
Kauai	93	495	13,135	605	2,173

1/ Includes mostly tour bus operators; excludes public transit, school buses, taxicabs, and rental car companies.

2/ Includes truckers, moving companies, etc.

Source: Hawaii State Department of Transportation, Motor Vehicle Safety Office, records.

Pacific Transfer is confident there are no other market segments in Hawaii in which there are 7,333 registered participants. It is acknowledged though that this is an oversimplistic analysis as a large percentage of this number may not be active, but the point remains valid.

The reality is the PUC devotes far too much of its time and attention to a market in which natural competition already exists. Per PUC’s annual report, of the 404 dockets opened in FY2023, a full **80%** (325) of the dockets were related to rate filings for Passenger and Property carriers.

However, even though there are 1741 regulated entities in the Motor Carrier category serving all of Hawaii’s consumers, there were only a total 6 informal (and no formal) complaints to the PUC in 2023 (per the annual report). The lack of complaints in a segment with that many participants strongly suggests the market offers enough consumer choice so that government intervention is not needed.

So, the next question to be asked is why would any transportation company in Hawaii oppose SB2097?

In the simplest terms, self-interested protectionism. The parties who will testify in opposition to this measure largely will be the rate bureaus (WMTB and possibly HSCCCA) who represent a large percentage of the PUC registered carriers, the Hawaii Transportation Association (HTA) and/or possibly a few individual HTA member carriers who shape and skew the policies of the HTA BOD.

The rate bureaus are comprised of hundreds of carriers who collectively set the rates for all of their member carriers. They effectively act as price setting cartels, but they cannot exist without the anti-trust immunity afforded to them by the Motor Carrier Act. This measure, should it pass, will make the rate bureaus immediately obsolete and remove their ability to legally collude by collectively setting rates for their member carriers so their opposition is entirely expected and predictable.

The Hawaii Transportation Association, of which Pacific Transfer is one of its largest dues paying members, has approximately 350 members (per their 2023 membership directory). Of which, only approximately 58 are motor carriers subject to PUC oversight and regulations. All of the remaining members are either private carriers or transportation adjacent companies. As such, the HTA only speaks for 3.33% of all registered PUC carriers and 0.79% of all motor carriers registered in the State. While HTA provides a valuable service to its members, it cannot credibly speak for the whole of those affected by this measure and its testimony should be weighted accordingly.

In fact, Pacific Transfer submits HTA should not be taking a formal position on this measure as it has not ever openly and credibly engaged its regulated membership on the question. Since 2017, Pacific Transfer has made several attempts to get HTA leadership and its Board to take up this issue at its board meetings or in an open forum at its annual meeting only to be rebuffed each time by a very vocal, yet very small group of past and present board members. HTA's official position is to oppose deregulation of the industry for fear of more competition entering the marketplace. The HTA sees regulation as protection **from** the consumer, not protection **for** the consumer in the form of lower rates.

Of the various discussions I have been able to have on the topic, with a select few of the BOD willing to engage, is they are fearful of allowing more competitors into the marketplace and see PUC regulations as a barrier to entry and protection from outside competition. This argument is a well-worn argument made by pro-regulation proponents across the country for close to 80 years now. However, this argument is anecdotal, uninformed, and not empirically supported by any post deregulation studies completed by the Federal government, State of Hawaii, or any of the other 49 states that do not regulate rates and tariffs of its motor carriers.

So the question being asked today should not be, "Should the State of Hawaii continue to waste time and commit any of its finite resources regulating an already saturated and hyper-competitive transportation market?"

The question should be, "Why didn't we deregulate decades ago?"

Thank you for this opportunity to testify. I will be most pleased to discuss this matter further with any interested member of the Committee.

Sincerely,



Christopher Redlew
President & COO
Pacific Transfer LLC