

A BILL FOR AN ACT

RELATING TO WATER CARRIER RATE REGULATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the public utilities
2 commission currently regulates rates and services for water
3 carriers operating as common carriers under chapter 271G, Hawaii
4 Revised Statutes. The legislature recognizes that certain
5 interisland carriers, such as Young Brothers, face unique
6 operational and economic challenges that differ from other
7 utilities. The legislature further finds that establishing a
8 specialized board focused exclusively on water carrier rates
9 will improve transparency, fairness, and efficiency in rate-
10 setting for these essential services.

11 Accordingly, the purpose of this Act is to:

12 (1) Establish the Hawaii water carrier rates board;

13 (2) Transfer rate-setting authority for water carriers

14 from the public utilities commission to the board; and

15 (3) Ensure continuity and oversight in rate regulation,

16 while maintaining public transparency.



1 SECTION 2. Chapter 271G, Hawaii Revised Statutes, is
2 amended by designating sections 271G-1 through 271G-25 as part
3 I, entitled "General Provisions".

4 SECTION 3. Chapter 271G, Hawaii Revised Statutes, is
5 amended by adding a new part to be appropriately designated and
6 to read as follows:

7 **"PART . HAWAII WATER CARRIER RATES BOARD**

8 **§271G-A Hawaii water carrier rates board; established.**

9 There is established within the department of commerce and
10 consumer affairs for administrative purposes the Hawaii water
11 carrier rates board. The board shall consist of seven members
12 who shall be appointed by the governor for staggered terms and
13 serve in accordance with section 26-34. The members appointed
14 to the board shall be selected on the basis of knowledge and
15 expertise as follows:

- 16 (1) One member with expertise in maritime economics;
- 17 (2) One member with expertise in transportation logistics;
- 18 (3) One member with expertise in regulatory economics;
- 19 (4) One member representing consumer advocacy interests;
- 20 (5) One member with expertise in small business
21 transportation; and



1 (6) Two members at large with expertise in general
2 transportation policy.

3 **S271G-B Powers and duties.** (a) The board may:

4 (1) Review, evaluate, and set rates, fees, and charges for
5 water carriers;

6 (2) Conduct public hearings and receive evidence on rate
7 proposals;

8 (3) Establish criteria for rate approval, including
9 cost-of-service analyses, economic impact studies, and
10 public interest considerations; and

11 (4) Issue orders, rules, and policies consistent with this
12 part.

13 (b) The board shall adopt rules pursuant to chapter 91 for
14 the purposes of this part.

15 **§271G-C Exclusive jurisdiction.** The board shall have
16 exclusive jurisdiction over the rates of water carriers under
17 this chapter.

18 **§271G-D Annual reporting.** The board shall submit a report
19 to the legislature no later than twenty days prior to the
20 convening of each regular session that contains a summary of its
21 activities during the preceding year, including:



- (1) A list and summary of the rate actions taken;
- (2) The number of public hearings conducted and a summary of any decisions made at each hearing;
- (3) An explanation and identification of the assessed economic impacts;
- (4) Any other findings and recommendations, including any proposed legislation; and
- (5) In the annual report to be submitted to the legislature prior to the regular session of 2032, recommendations on whether the repeal of the Act should be rescinded or extended to continue the activities of the board beyond the repeal date.

§271G-E Hawaii water carrier rates board special fund.

14 (a) There is established in the state treasury a Hawaii water
15 carrier rates board special fund to be administered by the
16 board. The proceeds of the fund shall be used by the board for
17 all expenses incurred in the administration of part of
18 chapter 271G; provided that the expenditures of the board shall
19 be in accordance with legislative appropriations.

20 (b) All moneys appropriated to, received, and collected by
21 the board that are not otherwise pledged, obligated, or required



1 by law to be placed in any other special fund or expended for
2 any other purpose shall be deposited into the Hawaii water
3 carrier rates board special fund.

4 (c) The board shall submit an update as part of its annual
5 report submitted pursuant to section 271G-D detailing all moneys
6 received and distributed out of the fund in the preceding year."

7 SECTION 4. Section 269-33, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) There is established in the state treasury a public
10 utilities commission special fund to be administered by the
11 public utilities commission. The proceeds of the fund shall be
12 used by the public utilities commission and the division of
13 consumer advocacy of the department of commerce and consumer
14 affairs for all expenses incurred in the administration of
15 chapters 269, 271, [271G,] 269E, and 486J, and part of
16 chapter 271G, and for costs incurred by the department of
17 commerce and consumer affairs to fulfill the department's
18 limited oversight and administrative support functions; provided
19 that the expenditures of the public utilities commission shall
20 be in accordance with legislative appropriations. On a
21 quarterly basis, an amount not exceeding thirty per cent of the



1 proceeds remaining in the fund after the deduction for central
2 service expenses, pursuant to section 36-27, shall be allocated
3 by the public utilities commission to the division of consumer
4 advocacy and deposited in the compliance resolution fund
5 established pursuant to section 26-9(o); provided that all
6 moneys allocated by the public utilities commission from the
7 fund to the division of consumer advocacy shall be in accordance
8 with legislative appropriations."

9 SECTION 5. Section 271G-3, Hawaii Revised Statutes, is
10 amended to read as follows:

11 **"§271G-3 Administration; governing provisions of other**
12 **acts.** This chapter shall be administered by the board and the
13 public utilities commission of the State and the provisions of
14 this chapter and of chapter 269, not inconsistent with this
15 chapter, shall govern its administration; provided that sections
16 269-16 to 269-28 shall not apply in any respect to the
17 regulation of water carriers."

18 SECTION 6. Section 271G-5, Hawaii Revised Statutes, is
19 amended by adding a new definition to be appropriately inserted
20 and to read as follows:



1 **""Board"" means the Hawaii water carrier rates board**
2 **established under section 271G-A."**

3 SECTION 7. Section 271G-8, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§271G-8 Reports and decisions of commission.** Whenever
6 the public utilities commission or the board inquires into the
7 operations, operating rights, rates, safety of operations, or
8 directs inquiry and investigation into water carrier activities
9 regulated under this chapter, and holds public hearing thereon,
10 it shall make a report in writing, on paper or an electronic
11 copy, in respect thereto, that shall state its findings of fact
12 and conclusions of law, together with its decision, order, or
13 requirement in the premises. The provisions of chapter 91 shall
14 apply."

15 SECTION 8. Section 271G-9, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"[§]§271G-9[§] Copies of schedules, tariffs, contracts,**
18 **etc., kept as public records; evidence.** The copies of schedules
19 and classifications and tariffs or rates, fares, and charges,
20 and all contracts, agreements and arrangements between water
21 carriers filed with the public utilities commission or the board



1 as herein provided, and any reports filed with the commission or
2 the board as required under this chapter shall be preserved as
3 public records."

4 SECTION 9. Section 271G-16, Hawaii Revised Statutes, is
5 amended by amending subsections (d) and (e) to read as follows:

6 "(d) Any person or body politic may [make] file a written
7 complaint [in writing to] with the [commission] board alleging
8 that [any such rate, fare, charge, rule, regulation, or
9 practice, in effect or proposed to be put into effect, is or
10 will be] a water carrier is in violation of this section.

11 Whenever, after hearing, upon complaint or in an investigation
12 on its own initiative, the [commission] board [shall be of the
13 opinion] finds that [any individual rate, fare, or charge,
14 demand, charged, or collected by any common carrier or carriers
15 by water for transportation, or any rule, regulation, or
16 practice whatsoever of the carrier or carriers affecting such
17 rate, fare, or charge or the value of the service thereunder, is
18 or will be unjust or unreasonable, or unjustly discriminatory or
19 unduly preferential or unduly prejudicial, it] a water carrier
20 has violated this section, the board shall determine and
21 prescribe, as appropriate, the lawful rate, fare, or charge or



1 the maximum or minimum [~~or maximum and minimum~~] rate, fare, or
2 charge [~~thereafter~~] to be observed, or the lawful rule [~~regulation,~~]
3 or practice [~~thereafter~~] to be made effective[.]
4 after the date of the determination.

5 (e) In the exercise of its power to prescribe just and
6 reasonable rates, fares, and charges for [~~the transportation of~~
7 ~~passengers or property by~~] water carriers, and to prescribe
8 classifications, [~~regulations,~~] rules, and practices relating
9 [~~thereto,~~] to rates, fares, and charges, the [~~commission~~] board
10 shall give due consideration, among other factors, to the effect
11 of rates upon the movement of traffic by [~~the carrier or~~] water
12 carriers for which the rates are prescribed; to the need, in the
13 public interest, of adequate and efficient transportation
14 service by [~~the~~] water carriers at the lowest cost consistent
15 with the furnishing of the service; and to the need of revenues
16 sufficient to enable [~~the~~] water carriers, under honest,
17 economical, and efficient management, to provide the service."

18 SECTION 10. Section 271G-17, Hawaii Revised Statutes, is
19 amended to read as follows:

20 **"§271G-17 Tariffs of water carriers.** (a) Every water
21 carrier shall file with the [~~public utilities commission,~~]



1 board, [and] print, and keep open to public inspection, tariffs
2 showing all the rates, fares, and charges for transportation[~~and~~
3 ~~and all services in connection therewith,~~] of passengers or
4 property. The rates, fares, and charges shall be stated in
5 [~~terms of lawful money of the~~] United States[~~and~~] currency. The
6 tariffs required by this section shall be published, filed, and
7 posted in [~~such~~] the form and manner[~~and~~] and [~~shall~~] contain
8 [~~such~~] any information [~~as the commission by regulations shall~~
9 ~~prescribe; and the commission~~] prescribed in rules adopted by
10 the board. The board may reject any filed tariff [~~filed with it~~
11 ~~which~~] that is not in consonance with this section and [~~with~~]
12 the [~~regulations.~~] rules. Any tariff [~~so~~] rejected by the
13 [~~commission~~] board shall be void and its use shall be unlawful.

14 (b) No change shall be made [~~in~~] to any rate, fare,
15 charge, or classification[~~and~~ or]; any rule[~~and~~ regulation]; or
16 practice affecting the rate, fare, charge, or classification[~~and~~ or]
17 or the value of the service [~~thereunder~~], as specified in any
18 effective tariff of a water carrier, except after forty-five
19 days' notice of the proposed change is filed and posted in
20 accordance with subsection (a); provided that changes to a fuel
21 surcharge approved by the [~~commission~~] board may be made after



1 thirty days' notice of the proposed change is filed and posted
2 in accordance with subsection (a). The notice shall plainly
3 state the proposed change [~~proposed to be made~~] and the [~~time~~
4 ~~when~~] date upon which it will take effect. The [~~commission~~]
5 board may in its discretion and for good cause shown allow the
6 change upon notice less than that [~~herein~~] specified in this
7 section or modify the requirements of this section with respect
8 to the posting and filing of tariffs either in particular
9 instances or by general order applicable to special or peculiar
10 circumstances or conditions.

11 (c) No water carrier shall engage in the transportation of
12 passengers or property unless the rates, fares, and charges upon
13 which the [~~same~~] passengers or property are transported by the
14 water carrier have been filed and published in accordance with
15 this chapter.

16 (d) [~~Whenever~~] If there is filed with the [~~commission~~]
17 board any schedule stating a new rate, fare, or charge, for the
18 transportation of passengers or property by a water carrier or
19 any rule[~~, regulation,~~] or practice affecting [~~such~~] the rate,
20 fare, or charge, or the value of the service [~~thereunder~~], the
21 carrier may on its own initiative, or shall by order of the



1 [commission] board served [prior to] before the effective date
2 of the schedule, concurrently file a pro forma statement of
3 account [which] that shall be prepared [under] in the same form
4 and [in the same] manner as prescribed by the [commission's]
5 board's uniform system of accounts.

6 The [commission] board may upon the complaint of any
7 interested person or [upon] on its own initiative at once and,
8 if it so orders, without answer or other formal pleading by the
9 interested carrier [or carriers], but [upon] with reasonable
10 notice, [enter upon] conduct a hearing concerning the lawfulness
11 of the rate, fare, or charge, or the rule[, regulation] or
12 practice[, and pending]. Pending the hearing and the board's
13 decision [thereon], the [commission] board, by delivering to
14 the [carrier or] affected carriers [affected thereby] a written
15 statement [in writing] of its reasons [therefor], may suspend
16 the operation of the schedule and defer the use of the rate,
17 fare, or charge, or the rule[, regulation] or practice. From
18 the date [of ordering] the board orders a hearing to investigate
19 the lawfulness of the rate, fare, or charge, the [commission]
20 board shall have [up to] no more than six months to complete its
21 investigation. If the [commission] board fails to issue a final



1 order within the six-month period then the changes proposed by
2 the carrier shall go into effect. At any hearing involving a
3 change in a rate, fare, charge, or classification, or in a
4 rule[, ~~regulation~~,] or practice, the carrier shall have the
5 burden of proof [~~shall be upon the carrier~~] to show that the
6 proposed changed rate, fare, charge, classification, rule,
7 [~~regulation~~,] or practice, is just and reasonable.

8 (e) When a rate increase application is filed, the
9 [~~commission may~~] board, in its discretion and after public
10 notice, and upon a showing by [~~a~~] the water carrier of probable
11 entitlement and financial need, may authorize temporary
12 increases in rates, fares, and charges; provided that the
13 [~~commission~~] board shall by order require the carrier to keep an
14 accurate account in detail of all amounts received by reason of
15 [~~such~~] the increase, specifying by whom and [~~in~~] on whose behalf
16 [~~such~~] the amounts are paid, and upon completion of the hearing
17 and decision shall by further order require the interested
18 carrier to refund, with interest, to the persons [~~in~~] on whose
19 behalf [~~such~~] the amounts were paid, [~~such~~] the portion of
20 [~~such~~] the increased rates or charges that the board by its
21 decision [~~shall be~~] found not justified. The interest to be



1 paid shall be the rate of return authorized in the [last] most
2 recent general rate case proceedings."

3 SECTION 11. Section 271G-18, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[§]271G-18[] **Accounts, records, and reports.** The
6 [public utilities] commission and the board may require annual,
7 periodical, or special reports from all water carriers,
8 prescribe the manner and form in which the reports shall be
9 made, and require from the carriers specific and full, true, and
10 correct answers to all questions upon which the commission or
11 the board may deem information to be necessary."

12 SECTION 12. Section 271G-20, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "[§]271G-20[] **Collection of rates and charges.** [Nº]
15 Each water carrier shall deliver or relinquish possession at
16 destination of any freight transported by it [until all tariff
17 rates and charges thereon have been paid if such delivery or
18 relinquishment without payment of all such rates and charges has
19 been prohibited or restricted by] in accordance with the
20 applicable rules [and regulations of] prescribed by the
21 commission or the board [and if so prohibited and restricted,



1 then delivery or relinquishment shall be made only under such
2 rules and regulations as the public utilities commission may
3 from time to time prescribe to govern] governing the settlement
4 of [all the] rates and charges, including rules [and
5 regulations] for weekly or monthly settlement, and to prevent
6 unjust discrimination or undue preference or prejudice; provided
7 that this section shall not be construed to prohibit any carrier
8 from extending credit in connection with rates and charges on
9 freight transported for the United States, for any federal
10 department, bureau, or agency [thereof], or for any state or
11 political subdivision [thereof.] of the United States."

12 SECTION 13. Section 271G-24, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§271G-24 Appeals.** From an order of the [public
15 utilities] commission or the board under this chapter, an appeal
16 shall lie, subject to chapter 602, in the manner provided for
17 civil appeals from the circuit courts and by the rules of court;
18 provided that the order is final, or if preliminary, is of the
19 nature defined by section 91-14(a). The appeal, of itself,
20 shall not stay the operation of the order appealed from, but the
21 court may stay the same after a hearing upon a motion therefor



1 and may impose such conditions as it may deem proper as to
2 giving a bond and keeping the necessary accounts or otherwise to
3 secure a restitution of the excess charges, if any, made during
4 the pendency of the appeal, in case the order appealed from is
5 sustained, revised, or modified in whole or in part."

6 SECTION 14. All rights, powers, functions, and duties of
7 the public utilities commission related to reviewing,
8 evaluating, and setting rates, fees, and charges for water
9 carriers are transferred to the Hawaii water carrier rates
10 board.

11 All employees who occupy civil service positions and whose
12 functions are transferred to the Hawaii water carrier rates
13 board by this Act shall retain their civil service status,
14 whether permanent or temporary. Employees shall be transferred
15 without loss of salary, seniority (except as prescribed by
16 applicable collective bargaining agreements), retention points,
17 prior service credit, any vacation and sick leave credits
18 previously earned, and other rights, benefits, and privileges,
19 in accordance with state personnel laws and this Act; provided
20 that the employees possess the minimum qualifications and public
21 employment requirements for the class or position to which



1 transferred or appointed, as applicable; provided further that
2 subsequent changes in status may be made pursuant to applicable
3 civil service and compensation laws.

4 Any employee who, prior to this Act, is exempt from civil
5 service and is transferred as a consequence of this Act may
6 retain the employee's exempt status, but shall not be appointed
7 to a civil service position as a consequence of this Act. An
8 exempt employee who is transferred by this Act shall not suffer
9 any loss of prior service credit, vacation or sick leave credits
10 previously earned, or other employee benefits or privileges as a
11 consequence of this Act; provided that the employees possess
12 legal and public employment requirements for the position to
13 which transferred or appointed, as applicable; provided further
14 that subsequent changes in status may be made pursuant to
15 applicable employment and compensation laws. The chairperson of
16 the board may prescribe the duties and qualifications of these
17 employees and fix their salaries without regard to chapter 76,
18 Hawaii Revised Statutes.

19 SECTION 15. All appropriations, records, equipment,
20 machines, files, supplies, contracts, books, papers, documents,
21 maps, and other personal property heretofore made, used,



1 acquired, or held by the public utilities commission relating to
2 the functions transferred to the water carrier rates board shall
3 be transferred with the functions to which they relate.

4 SECTION 16. All pending water carrier rate cases and
5 proceedings before the public utilities commission shall be
6 transferred to the water carrier rates board for continued
7 action without delay.

8 SECTION 17. All existing rate orders, schedules, and
9 tariffs established by the public utilities commission for water
10 carriers shall remain in effect until the water carrier rates
11 board issues superseding orders.

12 SECTION 18. In codifying the new sections added by section
13 3 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 19. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.



1 SECTION 20. This Act shall take effect on July 1, 2026,
2 and shall be repealed on June 30, 2032.

3

INTRODUCED BY:

Kanani Soley
JAN 23 2026



H.B. NO. 1906

Report Title:

PUC; Water Carriers; Rates and Charges; HWCRB; Establishment; Special Fund; Reports

Description:

Establishes the Hawaii Water Carrier Rates Board to review, evaluate, and set rates, fees, and charges for water carriers under chapter 271G, HRS. Transfers water carrier rate setting functions, powers, duties, records, personnel and cases from the Public Utilities Commission to the Hawaii Water Carrier Rates Board. Establishes the Hawaii Water Carrier Rates Board special fund. Requires annual reports to legislature and a sunset review in the last year. Sunsets 6/30/2032.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

