

STAND. COM. REP. NO. **3736**

Honolulu, Hawaii

APR 10 2026

RE: H.B. No. 2386
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2386, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Public Utilities Commission to establish automatic rate adjustments to address annual inflation and regulatory lags that water carriers may experience.

More specifically, this measure:

- (1) Authorizes the Commission, on its own initiative or on application by a water carrier, to establish automatic adjustment mechanisms to address economic factors;
- (2) Authorizes the Commission to establish a water carrier inflationary cost index automatic adjustment mechanism;
- (3) Authorizes the Commission to waive or exempt any water carrier from any requirement under the Water Carrier Act; and
- (4) Sunsets on July 1, 2033.



Your Committee received written comments in support of this measure from the Department of Agriculture and Biosecurity; Matson Navigation Company, Inc.; AARP Hawaii; Hawaii Pilots Association; Hawaii Transfer Company, LTD.; Central Pacific Youth Athletic Club-Tough Man Hawaii; Ohana Pacific Health/Hale Makua Health Services; Hawaii Harbor Users Group; Mana Up; Young Brothers, LLC; and two individuals.

Your Committee received written comments in opposition to this measure from ABC Stores, Maui Brewing Co., Maui Chamber of Commerce, Hawaii Island Chamber of Commerce, Kona-Kohala Chamber of Commerce, Hawaii Food Industry Association, Grassroot Institute of Hawaii, and one individual.

Your Committee received written comments on this measure from the Consumer Advocacy Division of the Department of Commerce and Consumer Affairs, Public Utilities Commission, Local Food Coalition, and Hawaii Farm Bureau.

Your Committee finds that the current lengthy and inefficient water carrier rate case method results in steep water carrier rate increases after extended periods without adjustments. Your Committee further finds that without incremental rate increases, water carriers face economic uncertainty and instability and consumers are exposed to large price increases and potentially limited interisland water transportation options. Your Committee believes that this measure gives the Public Utilities Commission the flexibility needed to address these concerns.

Your Committee has amended this measure by:

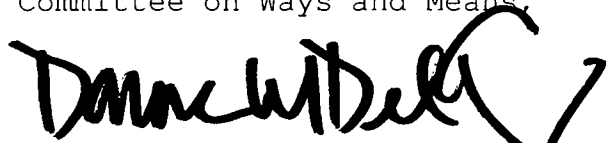
- (1) Deleting provisions authorizing the Commission to establish a water carrier inflationary cost index automatic adjustment mechanism;
- (2) Specifying that the Commission may establish automatic adjustment mechanisms for water carriers and shall initiate a proceeding for the adoption of rules to establish the framework, guidelines, and conditions for any automatic adjustment mechanism;
- (3) Establishing specific requirements for the rules;



- (4) Making the rules subject to the approval of the Governor; and
- (5) Changing the effective date of the measure to July 1, 2026, and the repeal date to July 1, 2032.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2386, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2386, H.D. 2, S.D. 2.


Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

| | | | | |
|---|---------------------|-----------------|-----|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| HB 2386, HD2, SD1 | CPN/TRS, WAM | 04/08/2026 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: | | | | |
| <input type="checkbox"/> Pass, unamended 2312 | | | | |
| <input checked="" type="checkbox"/> Pass, with amendments 2311 | | | | |
| <input type="checkbox"/> Hold 2310 | | | | |
| <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| DELA CRUZ, Donovan M. (C) | X | | | |
| MORIWAKI, Sharon Y. (VC) | X | | | |
| DECOITE, Lynn | | X | | |
| ELEFANTE, Brandon J.C. | X | | | |
| HASHIMOTO, Troy N. | X | | | |
| INOUYE, Lorraine R. | X | | | |
| KANUHA, Dru Mamo | X | | | |
| KIDANI, Michelle N. | X | | | |
| KIM, Donna Mercado | X | | | |
| LEE, Chris | X | | | |
| RICHARDS, III, Herbert M. "Tim" | X | | | |
| WAKAI, Glenn | X | | | |
| FEVELLA, Kurt | X | | | |
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| | | | | |
| TOTAL | 12 | 1 | 0 | 0 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
|  | | | | |
| Distribution: | | | | |
| Original | Yellow | Pink | | |
| File with Committee Report | Committee | Drafting Agency | | |

*Only one measure per Record of Votes