
A BILL FOR AN ACT

RELATING TO AIR CARRIERS.

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

1 SECTION 1. The legislature finds that the lack of
2 affordable air travel disproportionately affects Molokai
3 residents, many of whom rely on air transportation for essential
4 services, including healthcare, employment, and education. The
5 legislature further finds that reliable and cost-effective air
6 service is not merely a convenience but a necessity for
7 residents of remote island communities. As such, ensuring that
8 Molokai residents have access to affordable air transportation
9 serves a compelling public interest by improving economic
10 opportunities, enhancing access to medical care, and supporting
11 the overall well-being of the community. The establishment of a
12 subsidy program is intended to encourage competition among air
13 carriers, thereby reducing the cost burden on residents while
14 maintaining reliable service levels. The legislature declares
15 that this Act serves a valid public purpose and is an
16 appropriate use of state funds under article VII, section 4, of
17 the Hawaii State Constitution.



1 Accordingly, the purpose of this Act is to establish within
2 the department of transportation a three-year Molokai air
3 carrier subsidy pilot program to provide subsidies to airlines
4 operating out of Molokai Airport.

5 SECTION 2. (a) There shall be established within the
6 department a three-year Molokai air carrier subsidy pilot
7 program to provide subsidies to air carriers operating out of
8 Molokai Airport.

9 (b) The Molokai air carrier subsidy program shall provide
10 subsidies to qualified applicants pursuant to the following
11 terms, conditions, and standards:

12 (1) Any subsidy shall be used exclusively for the purposes
13 of the program;

14 (2) The applicant shall indicate the capability to
15 properly use the subsidy for the costs of operation in
16 and out of Molokai Airport;

17 (3) The applicant shall comply with all applicable federal
18 and state laws prohibiting discrimination against any
19 person on the basis of race, color, national origin,
20 religion, creed, sex, age, sexual orientation,



- 1 disability, or any other characteristic protected
2 under applicable federal or state law;
- 3 (4) The subsidy shall not be used for purposes of
4 entertainment or perquisites;
- 5 (5) All activities undertaken with subsidy funds received
6 shall comply with all applicable federal, state, and
7 county statutes and ordinances;
- 8 (6) The applicant shall:
- 9 (A) Indemnify and hold harmless the State and its
10 officers, agents, and employees from and against
11 any and all claims arising out of or resulting
12 from activities carried out or projects
13 undertaken with funds received from the program;
14 and
- 15 (B) Obtain sufficient insurance to provide the
16 indemnification under subparagraph (A), if
17 requested to do so by the department;
- 18 (7) The applicant shall agree to make available to the
19 department all records the applicant may have relating
20 to the subsidy to monitor the applicant's compliance
21 with the requirements of the program;



1 (8) The applicant shall comply with other requirements as
2 the department may prescribe; and

3 (9) The applicant shall demonstrate measurable
4 improvements in air service availability or
5 affordability for Molokai residents. Such
6 improvements may include but are not limited to:

7 (A) An increase in the number of regularly scheduled
8 flights;

9 (B) A reduction in airfare costs for residents; or

10 (C) The introduction of alternative pricing
11 structures that benefit low-income and frequent
12 travelers.

13 The department shall establish guidelines to evaluate
14 the extent of such improvements before awarding or
15 renewing any subsidy.

16 (c) The department shall submit a comprehensive report
17 detailing the impact of the Molokai air carrier subsidy program,
18 including but not limited to:

19 (1) The number of flights subsidized;

20 (2) Changes in air travel costs;

21 (3) The amount of subsidy funds disbursed;



1 (4) A detailed accounting and descriptions of expenditures
2 of subsidy funds; and

3 (5) The overall benefits to Molokai residents,
4 to the legislature no later than twenty days prior to the
5 convening of the regular sessions of 2026, 2027, and 2028.

6 (d) The department shall conduct an annual audit of all
7 funds disbursed under the Molokai air carrier subsidy program to
8 ensure compliance with program requirements. Each audit shall
9 assess whether funds were used for their intended purpose and
10 whether the subsidy has contributed to improving air service
11 availability and affordability for Molokai residents. If an air
12 carrier is found to have misused funds, the carrier shall return
13 the misused amount to the department and shall be ineligible for
14 further subsidies under the program for a period of up to three
15 years.

16 (e) As used in this section:

17 "Applicant" means a qualified air carrier operating, or
18 planning to operate, out of Molokai Airport seeking a subsidy.

19 "Department" means the department of transportation.

20 "Program" means the Molokai air carrier subsidy program.



1 "Subsidy" means the sum of money appropriated by the
2 legislature to the department to be disbursed to qualified air
3 carriers operating out of Molokai airport."

4 SECTION 3. In establishing the Molokai air carrier subsidy
5 pilot program pursuant to section 2 of this Act, the department
6 of transportation shall request the assistance of Hawaii's
7 congressional delegation, the Federal Aviation Administration,
8 and other pertinent federal officials.

9 SECTION 4. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$ or so
11 much thereof as may be necessary for fiscal year 2025-2026 and
12 the same sum or so much thereof as may be necessary for fiscal
13 year 2026-2027 to the department of transportation's
14 administration division (TRN995) for the Molokai air carrier
15 subsidy program.

16 The sums appropriated shall be expended by the department
17 of transportation for the purposes of this Act.

18 SECTION 5. This Act shall take effect on July 1, 3000, and
19 shall be repealed on June 30, 2028.



Report Title:

DOT; Airlines; Air Carriers; Subsidy; Molokai Airport;
Appropriations

Description:

Establishes within the Department of Transportation a three-year Molokai Air Carrier Subsidy Pilot Program to provide subsidies to airlines operating out of Molokai Airport. Appropriates funds. Effective 7/1/3000. (HD1)

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