

Honolulu, Hawaii
MAR 06 , 2026

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

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 2386, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors sua sponte or on application by a water carrier;
- (2) Require the Public Utilities Commission to establish a water carrier inflationary cost index automatic adjustment mechanism; and
- (3) Authorize the Public Utilities Commission to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Law.

Your Committee received testimony in support of this measure from the Department of Transportation; Matson Navigation Company, Inc.; Young Brothers, LLC; Hawai'i Harbors Users Group; DSR Logistics; The Maritime Group; and numerous individuals. Your Committee received testimony in opposition to this measure from ABC Stores; Hawai'i Island Chamber of Commerce; AARP Hawai'i;



Grassroot Institute of Hawaii; Japanese Chamber of Commerce & Industry of Hawai'i; Hawai'i Farmers Union; Hawaii Food Industry Association; and Maui Chamber of Commerce. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Public Utilities Commission; Local Food Coalition; and Hawai'i Farm Bureau.

Your Committee finds that water carriers engage in the transportation of persons or property by water and play a crucial role in sustaining each island's economy and community by, among other things, moving essential goods between islands.

Your Committee further finds that water carriers are not immune from existing inflationary pressures. While cargo volumes for these carriers have stagnated, the costs of operation have increased, leading to an ongoing struggle to establish and maintain financial sustainability. This is further exacerbated by the regulatory lag to address increasing costs. This measure authorizes the Public Utilities Commission to develop a mechanism that will flexibly address the increasing costs of these much-needed carriers.

Your Committee has amended this measure by:

- (1) Requiring the Public Utilities Commission to appoint a special overseer no later than July 1, 2026; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2386, H.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.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



SCOT Z. MATAYOSHI, Chair



