

Honolulu, Hawaii

MAR 30 , 2026

RE: S.B. No. 2694  
S.D. 2  
H.D. 1

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

Madame:

Your Committee on Transportation, to which was referred S.B. No. 2694, S.D. 2, 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 Act.

Your Committee received testimony in support of this measure from the Department of Transportation; Department of Agriculture and Biosecurity; one member of the Maui County Council; Re-use Hawai'i; Hawai'i Harbors Users Group; Matson Navigation Company, Inc.; Hawaii Pilots Association; Maui Hotel & Lodging Association;



Young Brothers, LLC; The Maritime Group; Central Pacific Youth Athletic Club/Tough Man Hawaii; Big Island Motors; and six individuals. Your Committee received testimony in opposition to this measure from ABC Stores; Maui Chamber of Commerce; Valley Isle Enterprises, Ltd; Hawai'i Restaurant Association; Hawaii Food Industry Association; Malolo Hospitality; Grassroot Institute of Hawaii; Maui Brewing Co.; Hawai'i Island Chamber of Commerce; Construction Industry of Maui; Maui Printing Company; West Maui Taxpayers' Association; Japanese Chamber of Commerce & Industry of Hawaii; Kona-Kohala Chamber of Commerce; Hawai'i Farmers Union United; and three individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Public Utilities Commission; AARP Hawai'i; Local Food Coalition; Hone Heke Corporation dba Expeditions; and one individual.

Your Committee finds that water carriers in Hawaii face ongoing economic pressures, including inflation, rising operational costs, and regulatory lag associated with traditional rate case proceedings, which can create challenges for providers and ratepayers. Your Committee further finds that certain ratemaking practices may result in inequitable cost burdens and reduced transparency in how rates are determined. These concerns underscore the need for clear statutory guidance to ensure that regulatory decisions are fair, consistent, and protect consumers from disproportionate rate impacts. Accordingly, the Public Utilities Commission should be prohibited from allowing, making decisions regarding, or establishing rules that permit cross-subsidization among regulated water carriers.

Your Committee has amended this measure by deleting its contents and inserting language that:

- (1) Prohibits the Public Utilities Commission from allowing, making decisions, and establishing rules regarding cross-subsidization on water carriers;
- (2) Changes the effective date to July 1, 3000, to encourage further discussion; and
- (3) Makes 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 Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2694, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2694, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,



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DARIUS KILA, Chair



**Record of Votes of the Committee on Transportation**

<b>Bill/Resolution No.:</b> SB 2694 SD2	<b>Committee Referral:</b> TRN, CPC	<b>Date:</b> 3/27/26		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. KILA, Darius K. (C)	✓			
2. MIYAKE, Tyson K. (VC)	✓			
3. COCHRAN, Elle	✓			
4. EVSLIN, Luke A.	✓			
5. GRANDINETTI, Tina Nakada	✓			
6. KITAGAWA, Lisa	✓			
7. LA CHICA, Trish				✓
8. MURAOKA, Christopher L.				✓
9. PIERICK, Elijah				✓
<b>TOTAL (9)</b>	6	0	0	3
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
<b>Vice Chair's or designee's signature:</b> _____ <i>Tyson Miyake</i>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				