

STAND. COM. REP. NO.

2655

Honolulu, Hawaii

FEB 20 2026

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

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

Sir:

Your Committees on Commerce and Consumer Protection and
Transportation, to which was referred S.B. No. 2694 entitled:

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

beg leave to report as follows:

The purpose and intent 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 Commissions to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Act.

Your Committees received testimony in support of this measure from the Department of Agriculture and Biosecurity; Young Brothers, LLC; The Maritime Group; Matson Navigation Company, Inc.; Hawai'i Agricultural Foundation; Hawai'i Harbors Users Group; DSR Logistics Company; and numerous individuals.



Your Committees received testimony in opposition to this measure from the Hawaii Food Industry Association, AARP Hawai'i, Hawai'i Farmers Union United, Japanese Chamber of Commerce and Industry of Hawaii, and Local Food Coalition.

Your Committees received comments on this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Public Utilities Commission, and Hawai'i Farm Bureau.

Your Committees find that the current water carrier rate case method can be slow and inefficient, often resulting in rate spikes that occur following extended periods without adjustment. This measure would facilitate incremental adjustments tied to objective cost indices to provide certainty and stability for carriers while retaining appropriate consumer protections.

Your Committees have amended this measure by:

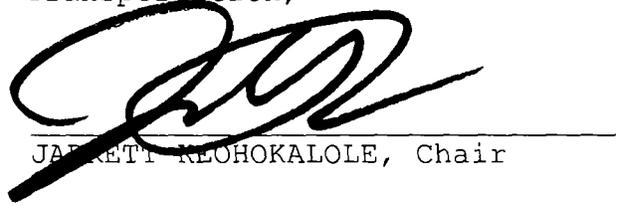
- (1) Inserting an effective date of July 1, 2050, to encourage further discussion;
- (2) Inserting a sunset date of July 1, 2033; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2694, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2694, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Transportation,


LORRAINE R. INOUÉ, Chair


JANELLE K. KONO, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 2694	Committee Referral: CPN/TRS, WAM	Date: 2/18/26		
<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
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
LAMOSAO, Rachele	✓			
MCKELVEY, Angus L.K.				✓
AWA, Brenton	✓			
TOTAL	4			1
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

