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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Transportation
Tuesday, February 10, 2026
9:30 a.m.
Via Videoconference**

**On the following measure:
H.B. 1709, RELATING TO WATER CARRIERS**

Chair Kila and Members of the Committee:

My name is Michael Angelo, and I am the Executive Officer of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to: (1) transfer the jurisdiction of the Hawai'i Water Carrier Act from the Public Utilities Commission (Commission) to the Department of Transportation (DOT); and (2) make conforming amendments and appropriate funds.

The Department fully appreciates that it is the prerogative of the Legislature to transfer the oversight of water carriers from the Commission to the DOT. However, the Department believes that such a transfer of authority could inadvertently lead to adverse impacts on ratepayers in the form of unregulated rate increases and the lack of a dedicated advocate to address ratepayer concerns.

Under current laws, the Commission protects the public interest by investigating whether the water carrier has been reasonably controlling its costs and operating

efficiently. Hawaii Revised Statutes (HRS) § 271G-16(e), provides that the Commission should exercise its power to “prescribe just and reasonable rates, fares, and charges,” to consider the “effect of rates upon the movement of traffic by the carrier,” and “to the need, in the public interest, of adequate and efficient transportation service by the carriers at the lowest cost consistent with furnishing of the service” (emphasis added). Granting rate increases without examining whether underlying costs and investments were reasonably incurred would not be in the public interest. The removal of the Commission as the regulatory body removes regulatory oversight of the reasonableness of rates and efficiency of transportations services.

Additionally, regarding consumer protection, currently HRS § 271G-3 indicates that any section of Chapter 269, HRS applies where Chapter 271G, HRS (the Hawaii Water Carrier Act) is silent. The operation of Chapter 271G, HRS currently benefits from the augmentation of provisions in Chapter 269, HRS. Without that tie there is no provision in HRS Chapter 271G that expressly allows for or requires consumer protection.

Finally, the Department is concerned that all necessary administrative rules may not be in place by July 1, 2026, the effective date of the bill. This is based on the understanding that the DOT does not currently have administrative rules for the procedures and guidelines of setting water carrier tariffs and rates that can be charged to customers, or process for notifying customers of rate changes and providing customers with the opportunity to express how they may be affected by possible rate increases.

In summary, enabling rate increases absent regulatory oversight to help ensure reasonable efforts are being made to control costs to deliver affordable services to Hawaii’s businesses and residents would result in unnecessarily high rates for customers. Given the current economic conditions, customers need adequate protection to ensure they pay only reasonable rates.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
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Testimony of the Public Utilities Commission

To the
House Committee on
Transportation

February 10, 2026
9:30 a.m.

Chair Kila, Vice Chair Miyake, and Members of the Committee:

Measure: H.B. No. 1709
Title: RELATING TO WATER CARRIERS.

Position:

The Public Utilities Commission ("Commission") offers the following comments for consideration.

Comments:

The Commission supports the intent of this measure to transfer regulatory oversight of Water Carriers from the Commission to the Department of Transportation ("Department" or "DoT").

The Commission observes that Act 117, Session Laws of Hawaii 2024, has already transferred the enforcement responsibilities of the Motor Carrier Law from the Commission to the DoT. Also, the Commission has no concerns if an appropriate agency takes over the robust regulation of Water Carriers that have a Certificate of Public Convenience and Necessity ("CPCN") with the Commission. The Commission requests that the Committee consider amending the measure to include a two-year transition. If the measure is amended to include such a transition period, the Commission will assist the Department in this transition process including but not limited to the transfer of information, processes, documents, rules, etc. The Commission offers that so long as the Department is comfortable with assuming said regulation, setting up the necessary internal resources, and converting or adopting necessary rules, that this transfer is possible.

Furthermore, the Commission will conclude all remaining proceedings within the next two years so that the Department can assume responsibility by the transition date without

pending Commission actions. That said, there is nothing mandating that the Department needs to have the same quasi-judicial role over regulation for Water Carriers and defers to the Department as to how the Department will conduct regulation.

The Commission notes that the Committee may also want to consider additional language, regarding what funds the Commission will transfer to the Department upon approval date of this measure, and until at which time effective date of the funds transfer occurs. The Commission offers the following amendment for your consideration:

Page 70, Line 6-12

SECTION 17. There is appropriated out of the general revenues of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2028-2029 for the transfer of functions related to the Hawaii water carrier act to the department of transportation.

The public utilities commission shall transfer the total fund balance in the public utilities commission special fund collected against water carriers pursuant to section 269-30, 271-36, and 271G-3, Hawaii Revised Statutes, as of September 15, 2026, and all encumbrances against that fund open and outstanding as of that date, to the state highway fund no later than one hundred eighty days after the effective date of this Act.

The sum appropriated shall be expended by the department of transportation for the purposes of this Act.

The Commission provides that should the above amendment be included, that the Commission may hold and transfer any amounts collected after September 15, 2026, and remit those funds to the Department until 180 days after the enactment of this act.

Thank you for the opportunity to testify on this measure.



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TO: Committee on Transportation
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 10, 2026

TIME: 9:30am

RE: HB1709 Relating to Water Carriers

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure to transfer the jurisdiction of the Hawai'i Water Carrier Act from the Public Utilities Commission to the Department of Transportation.

Water carriers play a unique and essential role in our islands. Creating a system that is financially sustainable for carriers and those that rely on them, equitable for all islands, and functional, presents a range of challenges. We believe that the Department of Transportation is likely the best positioned to have jurisdiction in this area at this time. We encourage the Committee to pass this measure, and we thank you for the opportunity to testify.



February 10, 2026

HOUSE COMMITTEE ON TRANSPORTATION

Rep. Darius Kila, Chair; Rep. Tyson Miyake, Vice Chair; and Committee Members
Public Hearing, February 10, 2026, 9:30 a.m. – Conference Room 430, State Capitol

Testimony of William F. Anonsen,
Managing Partner/Principal of The Maritime Group
Comments and Concerns related to H.B. 1709

My name is William F. Anonsen, the Managing Partner/Principal of The Maritime Group, and I am submitting testimony providing comments and concerns on H.B. 1709 in its present form. We appreciate the Legislature’s intent to improve oversight of Hawai’i’s water carrier industry and to better align regulatory responsibilities within state government. Modernization of our regulatory structure is both appropriate and necessary, particularly given Hawai’i’s heavy reliance on maritime transportation and interisland shipping to sustain our economy and communities.

However, we respectfully express concerns that simply transferring jurisdiction of the Hawaii Water Carrier Act from the Public Utilities Commission to the Department of Transportation may not, by itself, resolve the underlying challenges facing the industry. The current regulatory framework was largely developed decades ago and has not kept pace with today’s operating environment. Hawai’i’s maritime sector now faces increased costs, new technologies, changing logistics models, and heightened competition. Moving the same legacy framework from one agency to another risks relocating an outdated system rather than meaningfully improving it.

In our view, the core challenge is not solely which agency holds jurisdiction, but whether the regulatory framework governing water carriers is current, efficient, and aligned with today’s operational realities. To achieve meaningful reform, the State should consider:

- conducting a comprehensive review of the Water Carrier Act’s effectiveness and impacts
- engaging a broad range of stakeholders, including carriers, shippers, labor, and Hawai’i’s ports community
- identifying specific regulatory provisions that hinder competition, efficiency, or service quality
- developing a modernized policy framework before implementing a structural shift in oversight

Reassigning authority without modernizing the statutory and rule framework may perpetuate existing issues and create unnecessary transitional complexity for both regulators and industry participants.

For these reasons, we respectfully recommend that HB1709 be amended or deferred to allow time for comprehensive review and stakeholder engagement prior to implementing a jurisdictional shift. Mahalo for your consideration and for your continued leadership on policies that support Hawai’i’s maritime transportation system.

Respectfully,

William F. Anonsen

Managing Partner/Principal

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February 10, 2026

Darius K. Kila, Chair
Tyson K. Miyake, Vice Chair
House Committee on Transportation

RE: HB 1709 – RELATING TO WATER CARRIERS
Hearing date: February 10, 2026, 9:30 a.m.

Aloha Chair Kila, Vice Chair Miyake, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC (“YB”)¹ **SUPPORTING THE INTENT** of **HB 1709**. As drafted, this measure would:

- 1) Transfer jurisdiction over Chapter 271G, Hawaii Revised Statutes (“HRS”) – the Hawaii Water Carrier Act – from the Hawaii State Public Utilities Commission (“PUC”) to the Department of Transportation (“DOT”).
- 2) Add three new sections to HRS Chapter 271G to:
 - a. Establish a water carrier licensing framework (i.e., authorizing DOT to issue and require certificates of public convenience and necessity);
 - b. Authorize DOT to allow preferential rates for ratepayers engaged in agricultural activities; and
 - c. Establish a liability framework for licensed water carriers.
- 3) Appropriate funds to facilitate the transfer of regulatory authority.

In short, YB appreciates the introducers’ thoughtful consideration of the real-world regulatory challenges local water carriers face, and welcomes continued, robust dialogue on these considerations with all stakeholders.

YB recognizes that the services it provides are vital to the commerce and resilience of local communities across our state, and thus understands the important role regulation has played in promoting safe, adequate, economical, and efficient water carrier service. However, unlike domestic interstate water carriers (e.g., Matson and Pasha), which are generally subject

¹ Young Brothers, LLC (“YB”) is a water carrier that transports cargo by tug and barge between the islands of O’ahu, Hawai’i, Kaua’i, Maui, Moloka’i, and Lāna’i. Since 1900, customers across the state have relied on YB’s frequent, regular, and universal sailings to serve as the bridge that connects all communities in this island-state. YB is currently the only water carrier statutorily authorized to ship cargo from point-to-point within the state. As a regulated water carrier, YB is subject to the regulatory authority of the Hawaii Public Utilities Commission (“PUC”).

to flexible federal oversight by the Surface Transportation Board (“STB”), YB is regulated by the State of Hawaii under a traditional public utility framework rooted in years of regulatory principles and designed for application to traditional public utilities, such as electric utilities. This includes a rigorous, contentious, and time/resource consuming ratemaking process, a robust legally mandated weekly sailing schedule, and an obligation to carry a wide range of cargo types that most water carriers cannot or will not carry. Because of this, YB supports the objective of modernizing Hawaii’s water-carrier regulatory framework to better align with this distinct reality.

However, while a transfer of regulatory authority to an agency with expertise in maritime transportation and related fields may be a key component of this new framework, YB also recognizes that the existing framework itself under HRS Chapter 271G is outdated and inherently flawed for water carriers, regardless of the agency vested with regulatory authority. A re-delegation of authority over the existing regulatory framework will create new issues and will not solve the inherent problems or challenges with this outdated regulatory framework on its own. For example, the existing regulatory framework relies on the PUC’s quasi-judicial role and regulatory processes. DOT is not currently structured to perform such quasi-judicial regulatory functions. YB believes that any new regulatory framework should be based on the understanding that water carriers may need additional flexibility or more nimble regulatory processes to promote transparency, safe operations, quality services, and financial sustainability within the current water carrier operating environment, similar to the processes of the federal STB (who currently oversee domestic interstate water carriers such as Matson and Pasha).

Accordingly, while YB agrees that an update to the State’s existing intrastate water-carrier oversight framework is needed (potentially including, but not limited to, a transfer to a new agency with maritime focus and expertise, such as DOT), YB also believes that a transition of this magnitude requires a more thorough review and detailed planning effort. This would ensure that the new and modernized regulatory framework can timely, effectively, and fairly address the current challenges experienced under the existing and outdated regulatory framework. YB is ready and willing to begin supporting such transition planning, if policy makers are aligned in doing so.

For the reasons stated above, YB offers **SUPPORTS THE INTENT** of this measure.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs



February 10, 2026

Darius K. Kila, Chair
Tyson K. Miyake, Vice Chair
House Committee on Transportation

RE: HB 1709 – RELATING TO WATER CARRIERS
Hearing date: February 10, 2026, 9:30 a.m.

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For the reasons stated above, YB offers **SUPPORTS THE INTENT** of this measure.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs

SUBMIT TESTIMONY

Testimony being submitted by Kris Nakagawa- (knakagawa@htbyb.com)

Measure	Position	Status	Hearing
HB1709		Submitted	HEARING TRN 02-10-26 2 View Room: 430 VIA VIDEOCONFERENCE 9:30 AM