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SYLVIA LUKE
LT. GOVERNOR



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Testimony of the Public Utilities Commission

To the
House Committee on
Transportation

February 4, 2025
10:00 a.m.

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

Measure: HB. No. 1422
Title: RELATING TO MOTOR CARRIERS.

Position:

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

Comments:

The Commission appreciates the intent of this measure to exempt nonprofit and community-based organizations providing transportation services from motor carrier regulations under certain circumstances.

To implement the new exemption in the measure, the Commission respectfully seeks clarification on what is defined as a "non-profit community-based organization" as it would be difficult for the Commission to determine or qualify what is "community-based." This may include nonprofits that may provide non-emergency medical transport, transportation for seniors and disabled, etc. Also, the Commission would appreciate clarification or definitions for terms like "county-approved plan" and "community stakeholders."

Furthermore, there may be unintended consequences on competition if a nonprofit entity inadvertently competes for the same customer base as a regulated motor carrier. The nonprofit entity may have an unfair advantage as they would not be required to file an application for a Certificate of Public Convenience and Necessity (CPCN) in order to operate and provide service in the State. Unlike regulated motor carriers, the nonprofit entity would be exempt from obtaining minimum levels of commercial and business automobile insurance required under regulation and be subject to annual filings that include vehicle inventory list, insurance, annual fees, and financial reports.

Thank you for the opportunity to testify on this measure.

OFFICE OF ECONOMIC DEVELOPMENT

NALANI BRUN, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

Testimony of Christina Kaser

Energy Coordinator, Office of Economic Development, County of Kaua'i

Before the

Transportation Committee

February 4, 2025; 10:00 a.m.

Conference Room 430 & Via Videoconference

In consideration of

House Bill 1422

Relating to Motor Carriers

Honorable Chair Kila, Vice Chair Grandinetti, and Members of the Committee:

The County of Kaua'i is in **support** of House Bill 1422, which exempts non-profit community-based organizations providing transportation services from motor carrier regulations under certain circumstances.

The County greatly appreciates the efforts of Hanalei Initiative's North Shore Shuttle project, having successfully reduced traffic congestion between Princeville and Hā'ena, decreased visitor numbers at Hā'ena State Park and Ke'e Beach, eased tensions between residents and visitors, all while the Initiative has been able to subsequently substantially reinvest into the community.

Stakeholders are actively exploring ways to replicate and build on this model, and our next focus is developing the East Side's Coconut Marketplace Mobility Hub. While similar to the North Shore Shuttle in some ways, this hub prioritizes airport shuttle connections and further integrates a suite of transportation services for both visitors and local residents, located at a shopping center rather than a site on government-land where access can be more easily limited. Through public-private collaboration, the County developed the Coconut Marketplace Mobility Hub Plan which explored on-site and surrounding area infrastructure and wayfinding improvements, the development of an airport shuttle, multi-modal transportation options, management strategies, and a high level operational and implementation plan. The County worked with community, business leaders, the visitor industry, non-profit organizations, government officials, State and County stakeholders, and transportation experts to develop this plan. The next phase involves partners seeking funding for the hub's build out and implementation.

The County's and community's vision extends beyond these initial projects. Partners aim to establish a network of mobility hubs bridging communities island-wide, transforming how visitors and residents travel while reducing congestion as well as the strain on our existing highway and roadway infrastructure, and natural resources.

The model of regional non-profits operating hubs and shuttles allows for extremely localized engagement and decision-making, ensuring community led, operated, supported, and reinvested

transportation systems. Not only is Hanalei Initiative able to manage where its shuttle stops, but it is educating shuttle riders with messaging crafted by people from the North Shore, and guiding funding towards natural resource management and local food production on the North Shore. We see this as one clear way our residents can directly benefit from the visitor industry and start to approach the balance we seek in managing tourism. This model sets a precedent for sustainable transportation solutions across Kaua'i and Hawaii.

While shuttles may be a mix of contracted services and non-profit owned fleets, the latter should be treated differently under Hawaii State Law as there are clear distinctions in ownership from for-profit motor carriers to local non-profits, as evidently described above.

Thank you for the opportunity to testify in **support** of House Bill 1422.

HB-1422

Submitted on: 2/2/2025 2:01:13 PM

Testimony for TRN on 2/4/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joel Guy	The Hanalei Initiative	Support	Remotely Via Zoom

Comments:

Dear Chair Darius K. Kila and Members of the Transportation Committee,

The Hanalei Initiative strongly supports House Bill 1422. The shuttle operations of the Hā'ena State Park access/entry management program, which The Hanalei Initiative has a subcontract to manage, fall within a gray area of motor carrier law. Currently, activities such as operating sampan buses within the vicinity of Hilo, Hawai'i, and persons conducting county-regulated passenger carrier services known as "jitney service" are exempt from motor carrier law. The shuttle operations of the Hā'ena State Park access/entry management program, permitted under a revocable permit from State Parks, share some similarities with these exempt activities, but no exemption directly applies.

The Hā'ena State Park access/entry management program is regarded as a model for destination and resource management and is praised for its government and community partnership. It is hoped that this model can be replicated in other communities. Unlike a typical for-profit transportation company regulated by the Hawai'i Public Utilities Commission, the price of the shuttle ride not only covers transportation costs but also includes expenses such as the State Park entry fee and other park management costs. Furthermore, unlike a for-profit transportation company, the net income from the Hā'ena State Park access/entry management program is reinvested for the public's benefit—specifically, in the cultural resource management of Hā'ena State Park and other programs that support improvements for Kaua'i's North Shore communities.

Since the goal is for the Hā'ena State Park model to help jumpstart other government-community partnerships, this bill is written broadly enough to clarify an exemption for other partnerships encouraged and supported by county and state agencies.

Joel Guy**Executive Director**

The Hanalei Initiative

www.hanaleiinitiative.org**(808) 635-2074**

HUI MAKĀ'ĀINANA O MAKANA



The Hui Makā'āinana o Makana is a non-profit organization dedicated to perpetuating and teaching the skills, knowledge, and practices of our kūpuna (ancestors) through the interpretation, restoration, care, and protection of natural and cultural resources in within the Hā'ena State Park.

TO: Rep. Darius K. Kila, Chair
Rep. Tina Nakada Grandinetti, Vice Chair
Members of the House COMMITTEE ON TRANSPORTATION

DATE: Tuesday, February 4, 2025
TIME: 10:00 a.m.
PLACE: VIA VIDEOCONFERENCE

From: Chipper Wichman, Secretary
Hui Makā'āinana o Makana

RE: Testimony in Support of HB1422

I am writing today as a founding Director and current Secretary of the Board of Directors of the Hui Makā'āinana o Makana (the Hui) a nonprofit established in 1999 to support the care and management of Hā'ena State Park (HSP). **The Hui is in strong support of HB 1422.**

Over the past 20 years, the Hui has worked closely with the Division of State Parks to restore the ancient lo'i kalo system that exists in HSP and we played a leadership role in the 10-year long process of developing the Master Plan for Hā'ena State Park which was adopted by the Board of Land and Natural Resources in 2018.

Since 2021, the Hui has held a revokable permit for the management of a reservation system for the collection of parking fees, entry fees and shuttle services and resource enhancement in Hā'ena State Park. We are able to do this by partnering with another community-based nonprofit organization called The Hanalei Initiative (THI).

Through a contract with the Hui, THI operates the ecommerce portal, reservation system, shuttle system, and collection of all entry and parking fees. Together the Hui and THI have created 35 full-time jobs for our community and we have transformed the Park back into a living cultural landscape where ancient cultivars of taro are being preserved while also providing food for our community – all of this has been done at no cost to the State of Hawaii. Furthermore, we have been able to consistently generate over \$1 million a year for State Parks! And if that is not enough, the Hui and THI have been able to allocate funds to design and construct a new state-of-the-art bathroom in Hā'ena State Park which will be built this spring. We are told by State Parks that this is unprecedented in the State of Hawaii!

The partnership we have created has done more than just improve Hā'ena State Park and create good jobs for our community. The shuttle system we have developed has significantly reduced the number of tourist cars driven on our narrow roads and made our communities safer and more

multimodal friendly. While we have utilized Polynesian Adventures as a sub-contractor to operate 24-passanger shuttles from Hanalei to Hā'ena for the past three years, we are now looking ahead and hope to be able to operate our own fleet of smaller electric shuttles which will create more new jobs, reduce our carbon footprint, and make our narrow roads even safer for our community.

While I have made this sound very easy – it is far from that. We have had to adapt and evolve constantly over the past 3 years which is not easy for two community-based nonprofit organization that do not have investors or deep pockets. There have been many months when we have not realized net operating income due to rising costs to operate the system and unexpected challenges like shutting down for a month because of the norovirus outbreak in Kalalau valley last year.

The PUC regulation of our small shuttle system has created difficulty and limited our ability to adapt to the ever-changing cost environment we are living in. Furthermore, it had made it difficult to plan for the transformation of our model to an electric fleet of self-operated vans. As we look at justifying the capital costs projected for the transformation of our transportation model, we need the ability to adjust our shuttle ticket price so that our revenue can keep up with rising costs.

In closing, we ask for your support of HB1422. The purpose of this bill is to exempt non-profit community-based organizations that provide transportation services from the State's motor carrier regulations. Small shuttle systems like the one we operate, which greatly benefit our community should not be regulated by the PUC.

Me ke aloha,

A handwritten signature in black ink, appearing to read "Chipper Wichman", with a stylized, flowing script.

Chipper Wichman, Secretary
Hui Maka'āinana o Makana

HB-1422

Submitted on: 2/4/2025 9:32:04 AM

Testimony for TRN on 2/4/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
kelvin kohatsu	Hawaii Transportation Association	Comments	Written Testimony Only

Comments:

Hawaii Transportation Association concurs with the comments made by the PUC, and have concerns, if the PUC rules/regs are circumvented.

Thank you,
Kelvin Kohatsu - Hawaii Transportation Association

HB-1422

Submitted on: 2/2/2025 1:53:11 PM

Testimony for TRN on 2/4/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Hermina Morita	Individual	Support	Remotely Via Zoom

Comments:

Dear Chair Kila and Members of the Transportation Committee:

My name is Mina Morita. I am a resident of Hanalei, Kauai and also serve as the Chair of the Board of Directors of The Hanalei Initiative. I am testifying in my individual capacity but my comments relate to my previous experience as a state legislator and former Chair of the Hawaii Public Utilities Commission.

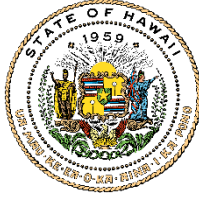
Although the federal government deregulated various sectors of the transportation industry beginning in the early 1970's, Hawaii has not taken a comprehensive look at reviewing the necessity of its motor carrier laws in today's business climate. The HPUC did order a program called "zone of reasonableness" to simplify the ratemaking process, allowing motor carriers to increase or decrease their rates by a maximum of 10% within a 12-month period through a streamlined filing process. Exemptions to the motor carrier laws also have not been addressed comprehensively. As the executive director of The Hanalei Initiative has testified, its shuttle operations may have some similar characteristics to some of the existing exemptions, but there are no exemptions that are directly on point.

The exemption language being proposed in House Bill 1422 is broadly worded so it can also be applied to other "hotspot communities" participating in regenerative tourism where reducing traffic congestion and offering alternative transportation options are important strategic goals. But most importantly, unlike a for profit motor carrier, which would still be regulated by the HPUC under our current laws, a not for profit entity, in partnership with a government agency, serve a public purpose to solve localized problems and its net revenues are being reinvested in public resources or community benefits where oversight by the partnering agency through agreements and contracts is warranted, but not ratemaking regulation.

Should you have any questions please do not hesitate to contact me. Thank you for your consideration and, hopefully, your support of this measure.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA**

DIVISION OF STATE PARKS
P.O. BOX 621
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DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
DAWN N.S. CHANG
Chairperson**

**Before the House Committee on
TRANSPORTATION**

**Tuesday, February 4, 2025
10:00 AM
State Capitol, Conference Room 430**

**In consideration of
HOUSE BILL 1422
RELATING TO MOTOR CARRIERS**

House Bill 1422 proposes to exempt non-profit community-based organizations providing transportation services from motor carrier regulations under certain circumstances. **The Department of Land and Natural Resources (Department)** understands the intent and offers supportive comments - but defers to the Public Utilities Commission on substantive comments and any operational consequences.

Due to over-tourism, there is a critical need to develop alternative methods for transporting visitors in a manner that is less impactful to our local communities that are adjacent to stunning natural resources promoted and used as the backdrop of Hawai'i's tourism industry, including Hawai'i's iconic State Parks. This is especially true in rural locations that have been subjected to decades of over-tourism creating crowded roadside parking, traffic impediments, interference with County first responders attempting to gain vehicle access and precluding local residents, from accessing and enjoying these resources as well.

The model developed at Hā'ena State Park is mentioned in the bill – and this collaboration between State Parks, the nonprofit Hui Maka'āinana o Makana (Hui) and the shuttle service provided by the Hanalei Initiative, has proven to be a highly successful model of restoring an equitable balance of public access to an area that had been subjected to decades of over tourism. In addition to providing new revenue to support co-management, it now allows our residents to once again also enjoy the park and the adjacent Kē'ē beach and Kalalau trail.

Across the island chain on the Big Island, State Parks is actively working with the nonprofit Hoala Kealakekua Nui (HKN) who is in the process of purchasing property that would make a very effective shuttle base to reduce visitor traffic along the rural Napo'opo'o road that leads down to the Kealakekua Bay State Historical Park. HKN, like the Hui, is comprised of lineal descendants and other community members and seek to add to their stewardship support for Kealakekua by providing ancillary transportation services in the future.

Another impacted area where this legislation may be of additional value is along the Hana Highway on Maui, a roadway and destination impacted by over tourism. While there is a robust commercial carrier industry servicing Maui – this bill may provide Maui nonprofits an incentive to also form plans to reduce the number of independent drivers and create shuttle services. In addition to alleviating traffic – the shuttles themselves become interpretive venues to educate the out-of-state visitor prior to their arrival to these natural and cultural landscapes. This not only alleviates the crowded parking and roadway situations – it can also lead to a more informed and culturally sensitive visitor.

Thank you for the opportunity to comment on this measure.