

Honolulu, Hawaii

Ag. 128, 2006

RE: H.B. No. 2637  
H.D. 1  
S.D. 2  
C.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2637, H.D. 1, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to assist airport vendors while enhancing the ambiance of Hawaii's airports by granting the Department of Transportation (DOT):

- (1) The flexibility to allow airport concessions to make improvements to their facilities; and
- (2) The authority to:
  - (A) Grant short-term extensions to concession leases or concession permits within specified parameters in exchange for improvements; and

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- (B) Modify and alter older leases and permits by changing relief terms to similar terms found in newer concession leases that provide emergency economic relief to concessions in case of disruptive economic events.

Your Committee on Conference finds that Hawaii's airports, as well as their concessions, are in need of repair and remodeling. However, statutory language and stringent accounting rules often make such projects difficult. Granting DOT the authority and flexibility to modify short-term leases and provide relief to a concession in return for improvements to the concession's premises would lead to meaningful investment by concessionaires and assist the State in meeting its airport modernization and improvement goals.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that DOT, in its sole discretion and authority, upon mutual agreement with a concession seeking to make improvements, may modify, alter, or amend the terms of concession leases and permits in exchange for improvements, including but not limited to locations, requirements, and obligations for concession leases or permits that did not receive rent relief after April 30, 2002, by way of negotiation or pursuant to Act 201, Session Laws of Hawaii 2004;
- (2) Specifying that any extension of a lease or permit shall be for a period not longer than 40 percent of the original term of the concession lease;
- (3) Deleting the provision that required that any extension of a lease or permit be for a period of time that is sufficient to allow the amortization of the cost of the improvements by the concession; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2637, H.D. 1, S.D. 2, as amended herein, and recommends




that it pass Final Reading in the form attached hereto as H.B.  
No. 2637, H.D. 1, S.D. 2, C.D. 1.

Respectfully submitted on behalf  
of the managers:

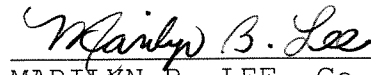
ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE

  
LORRAINE R. INCUYE, Chair

  
JOSEPH M. SOUKI, Co-Chair

  
BRIAN T. TANIGUCHI, Co-Chair

  
MARILYN B. LEE, Co-Chair



