

STAND. COM. REP. NO.

2334

Honolulu, Hawaii

, 2006

FEB 17

RE: S.B. No. 2662

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

Sir:

Your Committee on Transportation and Government Operations,
to which was referred S.B. No. 2662 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to provide temporary relief
from lease and permit requirements for airport vendors who want to
make improvements.

Your Committee received testimony in support of this measure
from the Department of Transportation, HMSHost, and the
Legislative Committee for the Airports Concessionaires Committee.
Testimony in opposition was received from Hawaii Pacific Wings.

Many airport concessions are in need of improvements, but a
number of airport concessions have complained that, given
stringent accounting rules, they cannot make necessary
improvements to their concessions due to the very short, or no,
remaining term on their concession leases that prevent them from
amortizing further improvements. Over twenty airport concessions
now experience this problem. As a result, improvements that the
airports and various concessionaires would like to see are simply
not happening. Hawaii's airports would have a better overall
appearance and potentially enhanced revenues to the department of
transportation if improvements could be made.

Your Committee finds that while the economy has now improved,
it will take two to three years to put these twenty or more
concessions out to bid. Rather than have some of these

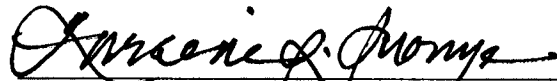
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concessions forego necessary improvements for two to three more years, it would be beneficial to both concessionaires and the airports if some of the concession leases could be extended on a short-term basis to allow for some improvements. These improvements would improve the overall appearance of the airports and make the concessions more attractive to customers.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2662 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Government Operations,


LORRAINE R. INOUE, Chair



