
HOUSE CONCURRENT RESOLUTION

REQUESTING A STUDY ON AIRPORT CONCESSION PRICES AND THE
FEASIBILITY OF IMPLEMENTING PRICE CONTROLS FOR ALL AIRPORT
CONCESSIONAIRES AT HAWAII'S COMMERCIAL AIRPORTS.

1 WHEREAS, the Department of Transportation (DOT) was formed
2 shortly after Hawaii became a State in 1959, and has the
3 responsibility of planning, designing, constructing, operating,
4 and maintaining state facilities for all modes of
5 transportation, including air, water, and land; and
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7 WHEREAS, DOT currently provides, operates, and maintains 11
8 commercial airports, including four general aviation airports
9 and four major airports that currently serve both domestic and
10 overseas flights; nine commercial harbors; and 2,450 lane miles
11 of highway; and
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13 WHEREAS, the law requires DOT to generate its own revenues
14 to fund its programs and projects and establishes independent
15 special funds for DOT's three major divisions--airports,
16 harbors, and highways--into which generated revenues are
17 deposited; and
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19 WHEREAS, each special fund is expected to generate enough
20 revenue to pay for each division's program operation and
21 maintenance costs, as well as to contribute five percent of
22 gross revenues, after debt service, to the state general fund
23 for central services; and
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25 WHEREAS, these special funds must also provide a higher
26 level of cash financing in the Capital Improvement Program to
27 ease the burden on debt service; and



1 WHEREAS, primary revenue sources for the Airport Special
2 Fund are the aviation fuel tax, landing fees, airport use
3 charges, concession fees, rentals, investment income, and other
4 miscellaneous income; and

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6 WHEREAS, according to an expert analysis provided to the
7 Legislature during the Regular Session of 2003, Hawaii's airport
8 concessions are unique because they generate about 60 percent of
9 airport revenues whereas concessions at most other airports
10 generate about 20 percent of those revenues; and

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12 WHEREAS, airport concessions generate their revenues
13 through the sales of goods and services to residents and
14 visitors alike; and

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16 WHEREAS, although airport concessions provide a valuable
17 service to airport patrons, such as food, drinks, and other
18 forms of respite for weary travelers, and flowers, leis, gifts,
19 and other items for travelers to take with them on their
20 journey, concerns were raised after the earthquake in the fall
21 of 2006 that concessions at Hawaii's airports had set the prices
22 of their goods and services at levels far higher than what was
23 charged for the same goods and services in areas beyond the
24 airport; and

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26 WHEREAS, it is unclear whether the differences in pricing
27 are due to the numerous factors that affect the operations of
28 concessions at Hawaii's airports; and

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30 WHEREAS, studying the pricing methods used by airport
31 concessions and determining whether it may be feasible to
32 establish price controls at Hawaii's airports will ensure that
33 Hawaii's residents and visitors receive fair pricing from
34 airport concessions; now, therefore,

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36 BE IT RESOLVED by the House of Representatives of the
37 Twenty-fourth Legislature of the State of Hawaii, Regular
38 Session of 2007, the Senate concurring, that the Legislative
39 Reference Bureau, with assistance from DOT, is requested to
40 conduct a study to determine:

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42 (1) Pricing methods used by airport concessions when
43 establishing the prices for their goods and services;
44 and



1 (2) The feasibility of instituting price controls at
2 Hawaii's commercial airports;

3 and

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5 BE IT FURTHER RESOLVED that this study include:

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7 (1) General methods used to determine prices for goods and
8 services at Hawaii's commercial airports;

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10 (2) A review of state and federal regulations that have an
11 impact on the prices of goods and services at Hawaii's
12 commercial airports;

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14 (3) A review of rents, fees, bond requirements, and any
15 other fees or requirements established by state or
16 federal regulations, rules, or laws, with regard to
17 airport concessions;

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19 (4) An analysis of the impact that rents, fees, bond
20 requirements, and any other requirements established
21 by state or federal regulations, rules, or laws may
22 have on the pricing of goods by airport concessions;

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24 (5) A review of prices charged for similar goods and
25 services by similar businesses and concessions at
26 areas outside the airport; and

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28 (6) An analysis of the impact price controls may have on
29 both the prices of goods and services charged by
30 airport concessions and their effect on the viability
31 of airport concessions;

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33 and

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35 BE IT FURTHER RESOLVED that the Legislative Reference
36 Bureau is requested to submit its report and findings to the
37 Legislature at least 20 days prior to the beginning of the
38 Regular Session of 2008; and



1 BE IT FURTHER RESOLVED that certified copies of this
2 Concurrent Resolution be transmitted to the acting director of
3 the Legislative Reference Bureau and the Director of
4 Transportation.
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OFFERED BY:

Sylvia B. Berg

MAR - 8 2007

