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**Alison Powers**  
Executive Director

## TESTIMONY OF ALISON POWERS

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HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS  
Representative Kyle T. Yamashita, Chair  
Representative Glenn Wakai, Vice Chair

Tuesday, February 12, 2008  
9:00 a.m.

### **HB 2952**

Chair Yamashita, Vice Chair Wakai and members of the committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 60% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council takes no position on the merits of this measure. However, if the intent of this bill is to impose "car rental customer facility charges" on every rental motor vehicle transaction in the State we request that HB 2952 be amended to exempt from the facility charges those transactions where the lessor is renting the vehicle to replace a vehicle of the lessee that is being repaired. This exemption would be similar to the current exemption applicable to the Rental Motor Vehicle and Tour Vehicle Surcharge Tax contained in Section 251 -2, Hawaii Revised Statutes.

Thank you for this opportunity to comment on this measure.

Honorable Kyle T. Yamashita, Chair  
Committee on Economic Development &  
Business Concerns  
House of Representatives  
State Capitol Building  
State of Hawaii

Hearing: February 12, 2008 at 9:00 a.m. in Room 325

Re: HB 2952 --- Relating to Transportation

Dear Chair Yamashita and Honorable Committee Members:

My name is James Stone and I am a Legislative Consultant for Catrala-Hawaii. Catrala's membership consists of the major u-drive companies in Hawaii and the many businesses which support our industry. A majority of the u-drive/car rental members on Catrala's Board supports this bill. Such Board members are: Avis Rent A Car, Budget Rent A Car, Dollar Rent A Car, Thrifty Rent A Car and Hertz Rent A Car.

No Cost to State; Better Facilities and Services: Catrala supports this bill and believes it is a very important measure that will result in better u-drive services and facilities to local residents and the millions of tourists who visit Hawaii each year. In spite of about \$40 million in airport concession fees paid to DOT's Airport Division each year, such facilities and services would be provided at no cost to the State since revenues would be paid by renters via collection of a CFC fee. Many airports across the U.S. have common u-drive facilities shared by car-rental companies. Some of you have probably picked up your car at such a facility during your recent travels. Like such many airports, Hawaii's common facilities and services for u-drives would be funded by CFC fees paid by renters who rent their vehicles at Hawaii's public airports.

U-drives Left Out of Airport Planning; CFC Funding Would Allow Planning, Projects and Services. As you know various airport improvements are being planned and good available space is becoming scarce. Better u-drive facilities and services for u-drives are not being planned due to other priority needs for funding in spite of payments in excess of \$40 million a year being paid by u-drives as concession fees to the State. When will things get better?

To address the needs for better facilities and services and so Hawaii's airports can be like many other public airports across the U.S., this bill was introduced by Catrala following discussions with DOT's Airport Division which does not oppose this bill. This bill will provide DOT with the necessary additional funds to plan and provide better u-drive services and facilities to local residents and visitors similar to what other airports are providing across the U.S.

Closing. In closing we urge you to pass this bill and keep this important measure alive. We understand there may be some fine tuning to the bill that may be warranted. As we have stated in the past, we urge such proponents of amendments to submit to us and other legislators their suggested changes to the bill with explanation. We do not believe it is fair or reasonable to support the concept of this bill and yet not propose language changes to the bill that might address various concerns.

Thank you for allowing us to testify. Please pass this important bill so discussion may continue to take place.

**Dollar Thrifty  
Automotive Group, Inc.**  


Honorable Kyle T. Yamashita, Chair  
Committee on Economic Development &  
Business Concerns  
House of Representatives  
State Capitol Building  
State of Hawaii  
in Room 325

Hearing: February 12, 2008 at 9:00 a.m.

Re: HB 2952 --- Relating to Transportation

Dear Chair Yamashita and Honorable Committee Members:

My name is Garrick Higuchi and I am the Area Manager of Dollar Rent A Car and Thrifty Car Rental in Hawaii.

Dollar Thrifty supports this bill because it will result in better u-drive services and facilities to local residents and millions of tourists who visit Hawaii each year. The bill allows funding of construction of modern airport vehicle rental facilities through the collection of a consolidated facility fee (CFC) from the users of such facilities. Many airports across the U.S. have common u-drive facilities shared by car-rental companies and funded by CFC fees.

Currently, DOT's Airport Division is planning various airport improvements, but improved u-drive facilities and services for u-drives are not being planned due to other priorities and lack of funding, even though the u-drive industry pays in excess of \$40 million a year in concession fees to the State. After discussions with DOT's Airport Division, the Hawaii car rental industry association (CATRALA) introduced this bill to address the needs for better facilities and services and so Hawaii's airports can keep pace with other airports across the nation. DOT's Airport Division agrees this solution makes sense and does not oppose the bill.

In closing, Dollar Thrifty supports and urges you to pass this bill and keep this important measure alive. We understand there may be some fine tuning to the bill that may be warranted and are willing to work to address any concerns. Please pass this important bill so discussions may continue to take place.

Thank you for allowing us to testify on this bill.

**DTG Operations, Inc.**  
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544 Ohohia Street  
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Honorable Kyle T. Yamashita, Chair  
Economic Development &  
Business Concerns Committee  
House of Representatives  
State of Hawaii

February 12, 2008

RE: HB 2952 – Relating to Transportation

Honorable Chair Yamashita and Honorable Committee Members:

My name is Wayne Tanaka and I am the Vice President/General Manager of Enterprise Rent-A-Car Company of Hawaii. Enterprise Rent-A-Car currently has 25 rental locations within Hawaii.

Enterprise Rent-A-Car is opposed to this bill in its present form for the following reasons:

1. **No defined project.** – The Department of Transportation would like to improve various airports and projects across the State of Hawaii. This bill does not identify any specific new rent-a-car Consolidated Facility. We are opposed to the collection of a Customer Facility Charge for a project or projects that have not been identified or defined. Before moving forward we would like 1) an acceptable location defined, 2) an approved conceptual project design, and 3) a reasonable financing plan.
2. **Consolidated Facility Budget** - Currently there is no budget in place for this Consolidated Facility.

3. **Fee Collection** – This proposed bill is not clear on what rent-a-car locations would collect this fee. We do not feel it would be fair or legal to collect a CFC fee from renters on Maui, Big Island, Molokai, and Kauai for a CFC facility built on Oahu. We have concerns about local residents renting cars in local neighborhoods (Kaneohe, Waipahu, Kihei, Kaanapali, Hilo, Keauhou, etc.) and having to pay this CFC fee. We also have a number of rent-a-car offices on military bases (Hickam, Schofield, Pearl Harbor, Kaneohe MCAS, etc) that should not have to pay this CFC fee.
4. **Rulemaking Process** – This bill states the “department may establish a car rental customer facility charge by rule”. Does this mean the department can set any amount for this CFC fee? Would the rent-a-car companies have any input on the amount, length of the collection period, or what locations collect this fee? We would like to have a better understanding of this rulemaking process.
5. **Transfer of Funds** – We have concerns that the rent-a-car CFC money collected may be diverted to other projects not related to a new Consolidated Facility for rent-a-car companies at Hawaii Airports. It is our understanding that in the past, millions of dollars collected from our renters to improve the State Highways have been transferred out of the State Highway fund for other projects not related to our State Highways.
6. **Existing Facilities** – We feel strongly that existing facilities needing “improvement, enhancement, or renovation” should be paid for by the current tenant. It has been over 15 years since there has been a bid to operate on-site at many of the major Hawaii airports. Using CFC money collected to “improve, enhance, or renovate existing facilities” is not fair. CFC money collected should only be used to build a new Consolidated Facility for rent-a-car companies.
7. **Property Acquisition** – CFC money collected should not be used to acquire property. CFC money collected should only be used to build new Consolidated Facilities for rent-a-car companies.

In closing, Enterprise Rent-A-Car is opposed to the introduction of this proposed CFC legislation for the 2008 legislative session. We are willing to continue to work in good faith with the DOT and the rent-a-car industry to address the concerns listed above. Thank you for allowing us to testify.



The Hertz Corporation  
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Honorable Kyle T. Yamashita, Chair  
Committee on Economic Development &  
Business Concerns  
House of Representative  
State Capitol Building  
Stat of Hawaii

Hearing: February 12, 2008, 9:00 a.m., Room 325

Re: HB 2952 --- Relating to Transportation

Dear Chair Yamashita and Honorable Committee Members:

My name is Aaron Medina and I am the General Manager, Hawaii, for The Hertz Corporation.

Our company supports this bill because rental car facilities in Hawaii, particularly at Honolulu and Kahului Airports, are in need of improvement in order to provide better customer service to the traveling public renting vehicles throughout Hawaii. As you are aware, major Airlines serving Hawaii recently and successfully promoted an effort to pass a Passenger Facility Charge, PFC, to help them modernize terminal facilities at Honolulu International Airport. In like manner Hertz supports a Customer Facility Charge, CFC, to help provide similar quality facilities in Honolulu and other Airport rental locations throughout Hawaii.

Throughout the United States the CFC is a widely accepted user fee that is generally mandated by state or city law, to help the rental car industry pay the massive construction costs involved in building new Airport facilities for their operations. Many rental customers recognize that the "user fee" i.e., CFC, portion of their total rental charge will eventually provide them with a better rental experience by having more modern, comfortable facilities. Consolidated facilities provide more space and generally allow more rental car companies to move on-Airport from their off-Airport locations, thus increasing total revenues to the Airport.

Consolidated facilities provide more airport opportunities for the rental car industry to have space on-airport. Therefore, we ask that the legislature enact the CFC at the earliest time possible so that we may begin the planning and design of much needed facilities in Hawaii. We will be working with DOT to prioritize requirements throughout the Islands and begin construction first at those airports where space is most constrained.

For the reasons stated above, Hertz respectfully requests that the committee support this important legislation.

We join with other Catrala members supporting this bill.

Thank you for allowing us to testify on this bill.