



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

March 27, 2008

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 509, H.D.2, S.D.1

COMMITTEE ON WAYS AND MEANS

The Department of Transportation would like to express its concerns about this bill.

The car rental Customer Facility Charge (CFC) will provide a guaranteed method of funding for the renovation and development of car rental facilities at state airports.

We are embarking on a comprehensive airports modernization program. Establishing a CFC now will enable us to provide new facilities and services for car rental customers who would otherwise have to wait until the modernization program is completed.

Our state airports provide the first and last impressions of Hawaii for most of our visitors. A major part of this impression is derived from the car rental facilities and the services received at the state airports. This bill will help enhance the image of our airports as world-class facilities that are dedicated to providing first-class customer service.

Notwithstanding the benefits this bill would provide, we have the following concerns.

1. Unfairness of charging the fee to customers of off-airport car rental operators.
2. Uncertainty on whether the fees collected at one airport will be used at other airports.
3. Uncertainty on whether CFC funds will be subject to transfer for other uses.
4. Necessity of using the CFC to acquire real property instead of to enhance the facilities.

We are hopeful that these critical issues can be satisfactorily resolved during this legislative session.

Honorable Rosalyn Baker, Chair
Committee on Ways and Means
Hawaii State Senate
State Capitol Building
State of Hawaii

Hearing: March 27, 2008 at 9:45 a.m. in Room 211

Re: HB 509, SD1 --- Relating to Transportation

Dear Chair Baker and Honorable Committee Members:

My name is Aaron Media and I am a Vice President with 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.

Catrala supports this bill which is in the public's best interest. It will generate additional revenues for our State's airport system. It will allow much needed improvements to u-drive facilities and operations so that Hawaii is on par with major airports across the United States.

This draft of the bill incorporates various changes to a bill (SB 2916) previously considered by this Committee. The changes incorporated by this bill are the result of many discussions with the DOT and members of the industry. While all members of the industry do not support the bill, changes to a prior version of the bill were made to address some of their concerns.

Continuing discussions are taking place on this bill and further clarifying language is being discussed with the DOT and members of the industry including those opposing this bill. We respectfully urge you to pass this bill which will allow those discussions to take place. As the DOT proceeds airport planning and improvements, it is important and vital to the u-drive industry that it be considered in those discussions. The passage of this bill will provide the necessary funding that will allow the industry to be a part of such discussions.

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. Many of you have experienced the major CFC projects at mainland airports which include common bussing and a large u-drive structure with multiple companies. Such facilities and services are typically funded by CFC fees charged to customers renting a vehicle at the airport. Thus, such improved facilities and services are provided at no cost to the State.

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 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 supports 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 millions of visitors similar to what other airports are providing across the U.S.

In addition to immediate collection of funds for necessary planning, this bill also seeks to appropriate some monies for immediate and necessary improvements at the Kahalui Airport. U-drive vehicles have been flooded, under carriage of vehicles damaged and workers injured at a common storage facility at this airport. These critical improvements to the facility are long overdue and the temporary fixes by the DOT do not last long resulting in renewed problems and difficulties.

Closing. In closing we urge you to pass this bill and keep this important measure alive. We understand there may be some clarification and fine tuning to the bill that will likely occur. As we have stated in the past, we urge opponents of this bill to submit proposed amendments to the DOT and to Catrala for consideration.

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

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Honorable Rosalyn Baker, Chair
Committee on Ways and Means
Hawaii State Senate
State Capitol Building
State of Hawaii

Hearing: March 27, 2008 at 9:45 a.m. in Room 211

Re: HB 509, SD1 --- Relating to Transportation

Dear Chair Baker and Honorable Committee Members:

My name is Martin Mylott and I am the Hawaii Regional Manager of Avis Budget Group servicing both Avis Rent A Car and Budget Rent A Car.

Our company supports this bill and the comments on the bill expressed by CATRALA- Hawaii.

This bill which is in the public's best interest. It will generate additional revenues for our State's airport system. It will allow much needed improvements to u-drive facilities and operations so that Hawaii is on par with major airports across the United States.

As the DOT proceeds with airport planning and improvements, it is important and vital to the u-drive industry that it be considered in those discussions. Land area is becoming scarce. The passage of this bill will provide the necessary funding that will allow the industry to be a part of such discussions.

No Cost to State; Better Facilities and Services: Many of you have experienced the major CFC projects at mainland airports which include common bussing and a large u-drive structure with multiple companies. Such facilities and services are typically funded by CFC fees charged to customers renting a vehicle at the airport. Thus, such improved facilities and services are provided at no cost to the State.

In addition to immediate collection of funds for necessary planning, this bill also seeks to appropriate some monies for immediate and necessary improvements at the Kahului Airport. U-drive vehicles have been flooded, under carriage of vehicles damaged and workers injured at a common storage facility at this airport. These critical improvements to the facility are long overdue and the temporary fixes by the DOT do not last long resulting in renewed problems and difficulties.

In closing we urge you to pass this bill and keep this important measure alive. Thank you for allowing us to testify.

**Dollar Thrifty
Automotive Group, Inc.**
Dollar Thrifty

Honorable Rosalyn Baker, Chair
Committee on Ways and Means
Hawaii State Senate
State Capitol Building
State of Hawaii

Hearing: March 27, 2008 at 9:45 a.m. in Room 211

Re: HB 509, SD1 — Relating to Transportation

Dear Chair Baker and Honorable Committee Members:

My name is Garrick Higuchi and I am the Area Director for DTG Operations, Inc. d/b/a Dollar Rent A Car and Thrifty Car Rental in Hawaii.

Our company supports this bill and the comments on the bill expressed by Catrala-Hawaii.

This bill is in the public's best interest. It will generate additional revenues for our State's airport system. It will allow much needed improvements to u-drive facilities and operations so that Hawaii is on par with major airports across the United States.

It is vital that the u-drive industry be considered in airport planning and improvements as DOT moves forward on these issues. The passage of this bill will provide the necessary funding that will allow the industry to be a part of such discussions.

No Cost to State; Better Facilities and Services: Many of you have experienced the major CFC projects at mainland airports which include common bussing and a large u-drive structure with multiple companies. Such facilities and services are typically funded by CFC fees charged to customers renting a vehicle at the airport. Thus, such improved facilities and services are provided at no cost to the State.

In addition to collection of funds for necessary planning, this bill also seeks to appropriate some monies for immediate and necessary improvements at the Kahului Airport where U-drive vehicles have been flooded, under carriage of vehicles damaged, and workers injured at a common storage facility. These critical improvements to the facility are long overdue.

In closing we urge you to pass this bill and keep this important measure alive. Thank you for allowing us to testify.



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Honorable Rosalyn Baker, Chair
Committee on Ways and Means
Hawaii State Senate
State of Hawaii

March 27, 2008

RE: HB 509, SD1 – Relating to Transportation

Honorable Chair Baker and Honorable Committee Members:

My name is Randy Monturi and I am the Regional Vice President of National Car Rental Company of Hawaii. National Car Rental currently has 7 rental locations within Hawaii.

National Car Rental 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. **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.

4. **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.

5. **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.

In closing, National Car Rental 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.



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Honorable Rosalyn Baker, Chair
Committee on Ways and Means
Hawaii State Senate
State of Hawaii

March 27, 2008

RE: HB 509, SD1 – Relating to Transportation

Honorable Chair Baker 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.
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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.



Honorable Rosalyn Baker, Chair
Committee on Ways and Means
Hawaii State Senate
State of Hawaii

March 27, 2008

RE: HB 509, SD1 – Relating to Transportation

Honorable Chair Baker and Honorable Committee Members:

My name is Randy Monturi and I am the Regional Vice President of Alamo Rent A Car Company of Hawaii. Alamo Rent A Car currently has 7 rental locations within Hawaii.

Alamo 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.
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In closing, Alamo 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.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Rental motor vehicle customer facility charge

BILL NUMBER: HB 509, SD-1

INTRODUCED BY: Senate Committees on Transportation and International Affairs and Intergovernmental and Military Affairs

BRIEF SUMMARY: Amends HRS section 261-7 to allow the department of transportation to establish levy, assess and collect rental motor vehicle customer facility charges each month. The charges may be of different amounts and collected from all rental motor vehicle persons or entities providing services to customers at a state airport and benefitting from the use of any facility or services paid for by the rental motor vehicle customer facility charges as determined by the director of transportation. Allows the department of transportation to contract the management, maintenance, and operations of the facility and related services with airport concessions that share in the use of a rental motor vehicle customer facility at a state airport or their designee.

Adds a new section to HRS chapter 261 to establish a rental motor vehicle customer facility charge special fund into which shall be deposited all proceeds from the car rental customer facility charge. Moneys in the fund shall be used for the enhancement, renovation, operation and maintenance of existing rental car facilities and development of new rental motor vehicle customer facilities at state airports, including acquisition and maintenance of property, acquisition of equipment for and operation of a unified shuttle bus system, consultant fees, and design, construction, operation, and maintenance of such facilities. No moneys shall be expended until a concession bid for rental motor vehicle concessions located at the airport as of July 1, 2008 is first advertised, bid upon, and awarded by the department; provided that moneys may be expended to plan, design, improve, enhance, or construct rental motor vehicle customer facilities to be shared by rental motor vehicle concessions at a state airport as determined by the director of transportation.

Allows the department of transportation to levy, assess, and collect a rental motor vehicle customer facility charge of \$1 per day on any portion of a day that a rental motor vehicle is rented or leased by a rental motor vehicle concession at a state airport as determined by the director of transportation. Moneys shall be collected until the sum of \$25 million is collected and deposited into the rental motor vehicle customer facility charge special fund.

Appropriates \$7 million from the rental motor vehicle customer facility charge special fund for the: (1) planning of rental motor vehicle customer facilities at state airports; and (2) improvement, pavement, construction, and fencing to an existing ground-level storage area shared by rental motor vehicle concessions at the state airport located in Kahului, Maui.

EFFECTIVE DATE: July 1, 2008

STAFF COMMENTS: This measure provides for the imposition of: (1) a rental motor vehicle customer

facility charge on all rental motor vehicle persons or entities providing services to customers at a state airport of an amount to be determined by the director of transportation; and (2) a rental motor vehicle customer facility charge of \$1 per day on a rental motor vehicle that is rented or leased by a rental motor vehicle concession. These charges would be deposited into the proposed rental motor vehicle customer facility charge special fund to be used to develop, renovate, enhance, and maintain car rental facilities at state airports. Both of these proposed charges will, no doubt, be passed on to the customers renting the motor vehicles who are already being tapped to generate additional revenues for the state highway fund through the imposition of a rental motor vehicle and tour vehicle surcharge tax.

It should be noted that since the \$1 per day rental motor vehicle customer facility charge would be based on the number of cars rented, it would be dependent on the number of visitors coming to Hawaii that utilize the car rental companies. As visitor counts fluctuate, so will the amount of revenues in the fund which may make the rental motor vehicle customer facility charge an undependable source of revenue.

While the measure would authorize the director of transportation to set the rate of the rental motor vehicle customer facility charge that is imposed on rental motor vehicle persons or entities providing services to customers at a state airport facility, the amount could be increased anytime without any scrutiny or legislative intervention.

It should be noted that the department of transportation already collects \$40 million in user charges from the car rental industry. While some of that may have been used to improve the airports where the car rental companies maintain desks, one must ask why those funds cannot be used for the proposed car rental facility? After all, visitors have been paying those fees for years, it would seem only appropriate that some of those user fees be used for the proposed facility. If the development and/or renovation of car rental facilities in the state are deemed a high priority, it would be preferable to appropriate funds for such purposes which would ensure sufficient revenues to accomplish the goal of the proposed measure.

Digested 3/25/08