



LATE

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

April 1, 2008

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 2365, S.D.1, PROPOSED H.D.1

COMMITTEE ON FINANCE

The Department of Transportation supports the intent of this bill, but has concerns.

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 in 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. In addition, it should be noted that, while the car rental companies are not in unanimous support of this bill, the Department is willing to work with these car rental companies to resolve as many of these concerns as possible.

AVIS

.com

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Honorable Marcus Oshiro, Chair
Committee on Finance
House of Representatives
State of Hawaii

Hearing: April 1, 2008 at 3:30 p.m., Rm 308

Re: S.B. No.: 2365, Proposed HD1 --- Relating to Transportation

Dear Chair Oshiro and Honorable Committee Members:

My name is Martin Mylott and I am the Hawaii Regional Manager with Avis Rent A Car.

Our company supports this bill and Catrala-Hawaii's position on this bill.

We support this bill which will in the public's best interest if it is passed. Many airports across the United States have CFC facilities funded by CFC charges.

This will result in improved customer services and benefits at no additional cost to the State. The DOT supports this bill along with a majority of the major RAC companies.

You previously passed HB 2952 which was an earlier version of this bill. While this bill has some improvements, further changes will likely take place during conference deliberations and further discussions with members of the industry and the DOT.

Please keep this important bill alive so continuing discussions may take place. Thank you for allowing us to testify.



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My name is Martin Mylott and I am the Hawaii Regional Manager with Budget Rent A Car.

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Honorable Marcus Oshiro, Chair
Committee on Finance
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April 1, 2008

RE: SB 2365 SD1, Proposed HD1 – Relating to Transportation

Honorable Chair Oshiro 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 agrees that a rental car facility is needed, but is opposed to the Proposed HD1 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 believe that 1) an acceptable location should be defined, 2) a conceptual project design should be completed, and 3) a reasonable financing plan should be developed.
2. **Consolidated Facility Budget** - Currently there is no budget in place for this Consolidated Facility. A new consolidated facility is likely to be extremely expensive – costing several hundred million dollars, not including the financing. In Seattle their planned consolidated facility has an estimated cost of \$413 million, the Miami estimated cost is \$400 million, and Atlanta's estimated cost is \$486 million dollars!

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, 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 share our concerns about the Proposed HD1 to SB 2365 SD1.



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Honorable Marcus Oshiro, Chair
Committee on Finance
House of Representatives
State of Hawaii

April 1, 2008

RE: SB 2365 SD1, Proposed HD1 – Relating to Transportation

Honorable Chair Oshiro 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 agrees that a rental car facility is needed, but is opposed to the Proposed HD1 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 believe that 1) an acceptable location should be defined, 2) a conceptual project design should be completed, and 3) a reasonable financing plan should be developed.
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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 share our concerns about the Proposed HD1 to SB 2365 SD1.