

Honolulu, Hawaii

May 1, 2009

RE: H.B. No. 1166  
H.D. 1  
S.D. 2  
C.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1166, H.D. 1, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE PASSENGER FACILITY CHARGE SPECIAL FUND,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to assist the Airports Division of the Department of Transportation (DOT) to construct capital improvement projects (CIPs) through the establishment of additional financing options for these projects by:

- (1) Clarifying that the passenger facility charge (PFC) is a charge for the use and services of an undertaking for the purposes and within the meaning of the law relating to the financing of revenue bonds;



- (2) Requiring moneys paid into the Passenger Facility Charge Special Fund (Special Fund) to be appropriated, applied, or expended by DOT for airport capital improvement program projects approved by the Legislature and as permitted by federal law;
- (3) Allowing for the establishment of separate accounts within the Special Fund; and
- (4) Allowing the transfer of PFC moneys into these accounts to pay debt service on bonds issued for the CIPs.

PFCs were authorized by federal law in the 1990s and provide DOT with an additional capital funding source to expand the airport system. PFCs are assessed on departing passengers on all international and domestic overseas flights, excluding interisland flights, and are overseen by the Federal Aviation Administration. Under Hawaii law, PFCs may only be used to directly pay costs related to airport projects approved by the Legislature. However, current law is unclear regarding the use of the PFC for the indirect financing of structures through the issuance of bonds. This measure will enable DOT to finance the cost of airport projects with the proceeds of bonds completely or partially backed by the PFC and supplies DOT with the appropriate flexibility needed to fund the expansion of the airport system.

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2009, and deleting its repeal date; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1166, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1166, H.D. 1, S.D. 2, C.D. 1.



Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE

  
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J. KALANI ENGLISH, Chair

  
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DONNA MERCADO KIM, Co-Chair

  
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JOSEPH M. SOUKI, Co-Chair

  
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KAREN LEEANANI AWANA, Co-Chair



