
A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that although car rental
2 concessions at Hawaii's public airports contribute over
3 \$30,000,000 a year in concession revenues to support Hawaii's
4 public airports, the legislature in 2008 recognized that no
5 facility improvements to those concessions would be made given
6 other airport priorities as to the use of the funds. Thus, in
7 spite of years of discussion, the facilities over time have
8 deteriorated and have not kept pace with car-rental facilities
9 and services provided to visitors and residents at other public
10 airports across the United States.

11 As a result, the legislature in 2008 passed Act 226, which
12 established a rental motor vehicle customer facility charge
13 program similar to programs at more than one-hundred other
14 airports across the United States. The Act initially
15 established a rental motor vehicle customer facility charge of
16 \$1 per day and initially appropriated \$10,000,000 for planning,
17 design, and some improvements. Recognizing the importance of
18 the program to Hawaii's construction industry and economy, the



1 legislature required the department of transportation to provide
2 annual reports and timelines to ensure the "fast-tracking" of
3 the facility projects and services.

4 The department has sought to fast-track the program in
5 keeping with the legislative directive and, with the assistance
6 of planners, designers, and other consultants, has completed
7 initial designs and plans for the statewide program. The goal
8 of this Act is to continue the fast-tracking by:

- 9 (1) Taking the program to the next level by increasing the
10 rental motor vehicle customer facility charge to \$4.50
11 daily as recommended by consultants; and
- 12 (2) Making further appropriations to support the program,
13 including the construction of a \$230,000,000
14 consolidated facility at Honolulu International
15 Airport and an overflow vehicle storage facility at
16 Kahului airport.

17 According to reports prepared by consultants, the increased
18 charge of \$1 daily to \$4.50 daily is expected to fund the
19 planned statewide program with no anticipated future increases.
20 This fee and one-time increase is comparable to similar charges
21 and programs at other airports. Delayed generation of revenues
22 by increasing such charges as proposed by some could likely



1 result in the fee rising higher than \$5 daily, which must be
2 avoided.

3 The charge of \$4.50 daily and revenues generated will
4 strongly support both the program as well as the bonds to
5 finance the related construction projects, which will total
6 about \$500,000,000, excluding finance charges. It is very
7 important that the program has strong financing and the stream
8 of revenues to attract the buyers of the bonds during these
9 turbulent economic times and to avoid program delays. The one-
10 time-increased charge as opposed to gradual increases in charges
11 will also result in as much as \$300,000,000 saved in finance
12 costs. By fast-tracking the projects, it is anticipated that
13 the program will benefit from about thirty to forty per cent in
14 construction cost savings.

15 As reported by consultants, the increased charge to \$4.50
16 daily is expected to have no negative impact on car-rentals at
17 public airports or public airport revenues. Other cities and
18 airports have studied similar concerns, and the studies have
19 repeatedly found no correlation or adverse effect related to an
20 increased charge. In fact, airports generally have seen an
21 increase in revenues since the facilities have attracted car-
22 rental companies to conduct their business at the airport.



1 The program does not require visitors and residents to rent
2 a car at a public airport. Individuals will have the
3 opportunity to rent vehicles from off-airport locations and
4 thereby avoid having to pay the rental motor vehicle customer
5 facility charge. To minimize the impact to travel agents and
6 other marketing travel packages and quoting prices, the
7 legislature will delay the implementation of the increased
8 rental motor vehicle customer facility charge until September 1,
9 2010.

10 While the goal of fast-tracking was to start the
11 construction of the Honolulu International Airport facility as
12 early as the first quarter of 2010 and thereby provide much-
13 needed jobs and support for Hawaii's economy, the failure to
14 date of increasing the charge to \$4.50 daily has delayed the
15 implementation of this start date, as well as any related sale
16 of bonds. Although the Act provides that the department has the
17 discretion to raise and adjust the rental motor vehicle customer
18 facility charge to meet the program's goals notwithstanding any
19 law to the contrary, the department recently commented that the
20 law needs to be clarified and that it cannot increase charges
21 without proceeding through the rules process, which could take
22 twelve months or longer. The legislature finds that it is



1 preferable that it mandates such increased charges so that the
2 minimum amount of customer facility charge fees as recommended
3 by consultants are collected by the department no later than
4 September 1, 2010, to avoid and ensure that there are no further
5 delays to the program if the department is not collecting the
6 minimum rental motor vehicle customer facility charge fees by
7 that date.

8 Some of the major purposes of this Act are to continue the
9 fast-tracking of this program and its projects, thereby
10 providing much-needed jobs to Hawaii's residents and stimulating
11 Hawaii's suffering economy by:

- 12 (1) Raising the initial rental motor vehicle customer
13 facility charge set by the legislature from \$1 daily
14 to \$4.50 daily as recommended by consultants so the
15 strength of the program can be maintained, and it can
16 benefit from various anticipated costs savings;
- 17 (2) Removing the initial collection ceiling of rental
18 motor vehicle customer facility charges of \$25,000,000
19 so an excess of \$500,000,000 of construction and
20 finance costs can be collected to fund and support the
21 projects based upon consultant estimates and reports
22 provided to date;



1 (3) Clarifying the law so that the department can adjust
2 the rental motor vehicle customer facility charge
3 without having to establish rules; and

4 (4) Appropriating an unspecified amount of funds for the
5 program for its continued fast-tracking of projects,
6 including the construction of projects at Honolulu
7 International Airport and Kahului airports.

8 SECTION 2. Section 261-7, Hawaii Revised Statutes, is
9 amended by amending subsection (h) to read as follows:

10 "(h) Notwithstanding any laws to the contrary, the
11 department may establish, levy, assess, and collect rental motor
12 vehicle customer facility charges, which shall be paid to the
13 department periodically as determined by the department [-]
14 without regard to the requirements of chapter 91; provided that
15 a public informational hearing shall be held for any type of
16 rental motor vehicle charge. These charges shall be used to pay
17 for, or finance on a long-term or other term basis where
18 appropriate, the design, planning, construction, and other uses
19 of the rental motor vehicle customer facility charges as set
20 forth by the rental motor vehicle customer facility charge
21 special fund in section 261-5.6.



1 The rental motor vehicle customer facility charges shall be
2 levied, assessed, and collected from all rental motor vehicle
3 customers who benefit from the use of any type of rental motor
4 vehicle facility or service provided by the department at a
5 state airport.

6 All rental motor vehicle customer facility charges shall be
7 collected by lessors as defined in section 437D-3 and who
8 operate a car rental concession awarded by the department at a
9 state airport; provided that customers of lessors, as defined in
10 section 437D-3, who do not operate a car rental concession at a
11 state airport but whose customers benefit from the use of a car
12 rental facility or service at a state airport paid for by rental
13 motor vehicle customer facility charges, shall collect from such
14 car rental customers, rental motor vehicle customer facility
15 charges in an amount determined by the department in its sole
16 discretion that represents a fair share of the cost and ongoing
17 expenses relating to customer use of such a facility or service,
18 notwithstanding any law to the contrary and without regard to
19 the requirements of chapter 91; provided that a public
20 informational hearing shall be held for any type of rental motor
21 vehicle charge. All rental motor vehicle customer facility
22 charges collected by such [~~lessor~~] lessors shall be paid to the



1 department and deposited into the rental motor vehicle customer
2 facility charge special fund.

3 Notwithstanding any law to the contrary, the department may
4 negotiate and contract the management, maintenance, and
5 operations of the facility and related services with one or more
6 airport concessions or their designee that share in the use of a
7 rental motor vehicle customer facility at a state airport."

8 SECTION 3. Act 226, Session Laws of Hawaii 2008, is
9 amended by amending sections 9 and 10 to read as follows:

10 "SECTION 9. Notwithstanding section 7 of this Act, the
11 department of transportation, as of September 1, [~~2008~~ 2010,
12 and periodically thereafter as necessary, shall levy, assess,
13 and collect a rental motor vehicle customer facility charge so
14 all such charges collected by the department total at least a
15 minimum of [~~\$1~~] \$4.50 per day, or any portion of a day that a
16 rental motor vehicle is rented or leased, by a rental motor
17 vehicle concession where customers pick up and return rental
18 vehicles to a facility at a state airport as determined by the
19 director. Moneys shall continue to be collected only until such
20 time [~~that the sum of \$25,000,000 is collected and deposited~~
21 ~~into~~] as necessary to meet the needs and purposes of the rental
22 motor vehicle customer facility charge special fund. The



1 provisions of this section shall not impair, limit, or restrict
2 the department of transportation from levying, assessing,
3 establishing, increasing, lowering, and collecting rental motor
4 vehicle customer facility charges as set forth in section 7 of
5 this Act or this section; provided the above-mentioned minimum
6 total collections for such charges of \$4.50 per day shall not be
7 lowered by the department for a minimum period of at least
8 twenty years commencing on September 1, 2010, or until such time
9 as necessary to pay any bonds or financial agreements issued or
10 entered into to support or assist in meeting the use or purpose
11 of the special fund as set forth in section 261-5.6, whichever
12 event occurs later.

13 SECTION 10. There is appropriated out of the rental motor
14 vehicle customer facility charge special fund established by
15 section [~~261—,~~] 261-5.6, Hawaii Revised Statutes, the sum of
16 \$10,000,000 or so much thereof as may be necessary for fiscal
17 year 2008-2009, together with an extension through the fiscal
18 year ending on June 30, 2011, for the:

19 (1) Planning, conceptual design, and design of rental
20 motor vehicle customer facilities at state airports
21 and related services; and



1 (2) Planning, conceptual design, design, and improvement,
 2 pavement, lighting, construction, and fencing to an
 3 existing ground-level storage area shared by rental
 4 motor vehicle concessions at the state airport
 5 located in Kahului, Maui.

6 The sum appropriated shall be expended by the department
 7 of transportation for the purposes of this Act.

8 Any unexpended or unencumbered balance of any appropriation
 9 made by this Act as of the close of business on June 30, 2011,
 10 shall lapse into the rental motor vehicle customer facility
 11 charge special fund."

12 SECTION 4. There is appropriated out of the rental motor
 13 vehicle customer facility charge special fund established by
 14 section 261-5.6, Hawaii Revised Statutes, the sum of \$
 15 or so much thereof as may be necessary for fiscal year 2010-2011
 16 for the:

17 (1) Planning, design, and temporary relocation of rental
 18 motor vehicle operations and related expenses;

19 (2) Construction costs relating to temporary relocation
 20 of current rental motor vehicle operations during
 21 the construction of a consolidated facility at the
 22 Honolulu International Airport and related expenses;



- 1 (3) Planning and design of rental motor vehicle
2 facilities at the Honolulu International Airport and
3 related expenses;
- 4 (4) Planning, design, and construction of an overflow
5 storage lot at Kahului Airport and related expenses;
- 6 (5) Initial planning and design of consolidated
7 facilities at Kahului Airport and related expenses;
- 8 (6) Statewide development and program management of a
9 car rental facilities program and related expenses;
- 10 (7) Construction of a consolidated rental motor vehicle
11 facility at Honolulu International Airport and
12 related expenses; and
- 13 (8) Purchase of, or reimbursing of the department of
14 transportation or any department or agency of the
15 state that purchases, land near the Lihue Airport
16 for planning, design, and construction of a
17 consolidated rental motor vehicle facility.

18 The sum appropriated shall be expended by the department
19 of transportation for the purposes of this Act.

20 SECTION 5. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

22 SECTION 6. This Act shall take effect on July 1, 2020.



Report Title:

Airports; Rental Motor Vehicle Customer Facility Charge Special Fund

Description:

Raises the rental motor vehicle customer facility charge from \$1/day to \$4.50/day. Appropriates funds out of the Rental Motor Vehicle Customer Facility Charge Special Fund for multiple purposes. Effective July 1, 2020. (HB2370 HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

