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

12 As a result, the legislature in 2008 passed Act 226,
13 Session Laws of Hawaii (Act 226) 2008, which established a
14 rental motor vehicle customer facility charge program similar to
15 programs at more than one hundred other airports across the
16 United States. Act 226 established a rental motor vehicle
17 customer facility charge of \$1 per day. Act 226 also
18 appropriated \$10,000,000 for planning, design, and some



1 improvements. Recognizing the importance of the program to
2 Hawaii's construction industry and economy, the legislature
3 required the department of transportation to provide annual
4 reports and timelines to ensure the "fast-tracking" of the
5 facility projects and services.

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

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

19 According to reports prepared by consultants, the increased
20 charge of \$1 daily to \$4.50 daily is expected to fund the
21 planned statewide program with no anticipated future increases.
22 This fee and one-time step up is comparable to similar charges



1 and programs at other airports. Delayed generation of revenues
2 by stepping up these charges as proposed by some could likely
3 result in the fee rising higher than \$5 daily, a scenario which
4 must be avoided.

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

17 As reported by consultants, the increased charge to \$4.50
18 daily is expected to have no adverse impact on rental motor
19 vehicles at public airports or on public airport revenues.
20 Other cities and airports have studied similar concerns and the
21 studies have repeatedly found no correlation or adverse impact
22 related to an increased charge. In fact, airports generally



1 have seen an increase in revenues since the facilities attract
2 motor vehicle rental companies to conduct their business at the
3 airport.

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

12 While the goal of fast-tracking was to start the
13 construction of the Honolulu international airport facility as
14 early as the first quarter of 2010 and thereby provide critical
15 jobs and support for Hawaii's economy, the failure to date of
16 increasing the charge to \$4.50 daily has delayed the
17 implementation of this start date as well as any related sale of
18 bonds. Although this Act provides that the department has the
19 discretion to raise and adjust the rental motor vehicle customer
20 facility charge to meet the program's goals notwithstanding any
21 law to the contrary, the department recently commented that the
22 law needs to be clarified and that it cannot increase charges



1 without proceeding through the rules process, which could take
2 twelve months or longer. The legislature finds that it is
3 preferable that it mandate the increase in charges so such
4 minimum amount of customer facility charge fees, as recommended
5 by the consultants, are collected by the department no later
6 than September 1, 2010, to avoid and ensure that there are no
7 further delays to the program if the department is not
8 collecting the minimum customer facility charge fees by that
9 date.

10 The intent of this Act is to continue the fast-tracking of
11 this program and its projects, thereby providing critical jobs
12 to Hawaii's residents and stimulating Hawaii's suffering economy
13 by:

14 (1) Raising the initial rental motor vehicle customer
15 facility charge, as established by Act 226, Session
16 Laws of Hawaii 2008, from \$1 daily to \$4.50 daily as
17 recommended by consultants, so that the strength of
18 the program can be maintained and the program can
19 benefit from various anticipated costs savings;

20 (2) Removing the initial collection ceiling of \$25,000,000
21 so in excess of \$500,000,000 of construction and
22 finance costs can be collected to fund and support



1 projects based upon consultant estimates and reports
2 provided to date;

3 (3) Clarifying that the department of transportation can
4 adjust the rental motor vehicle customer facility
5 charge for companies without a concession at a state
6 airport without having to establish rules, as recently
7 reported by the department; and

8 (4) Appropriating \$ out of the rental motor
9 vehicle customer facility charge special fund for the
10 program for its continued fast-tracking of projects,
11 including the construction of projects at Honolulu
12 international airport and Kahului airport.

13 SECTION 2. Section 261-5.6, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[+]§261-5.6[+] Rental motor vehicle customer facility
16 charge special fund. (a) There is established in the state
17 treasury the rental motor vehicle customer facility charge
18 special fund to be administered by the director, into which
19 shall be deposited all proceeds from the rental motor vehicle
20 customer facility charge.

21 (b) Moneys in the rental motor vehicle customer facility
22 charge special fund shall be used for enhancement, renovation,



1 operation, and maintenance of existing rental motor vehicle
2 customer facilities and the development of new rental motor
3 vehicle customer facilities and related services at state
4 airports, including:

5 (1) Acquisition and maintenance of property or property
6 rights for rental motor vehicle purposes;

7 (2) Acquisition of equipment for and operation of a
8 unified shuttle bus system to and from passenger
9 terminals and the rental motor vehicle customer
10 facilities;

11 (3) Consultant fees;

12 (4) Management, operation, and maintenance fees for rental
13 motor vehicle customer facilities; and

14 (5) Conceptual plans, plans, design, construction,
15 operation, and maintenance of, or allocable to, the
16 approved rental motor vehicle customer facilities and
17 related services.

18 In planning the future needs and expenditures of these moneys,
19 the director, or deputy designated by the director, shall, at
20 least once a year, consult with lessors, as defined in section
21 437D-3, who are using or who in the future may use the
22 facilities and services. No moneys shall be expended to plan,



1 design, improve, enhance, acquire, or construct rental motor
2 vehicle customer facilities, equipment, or services shared or to
3 be shared by rental motor vehicle concessions at a state airport
4 except as determined by the director; provided that the director
5 shall not approve the expenditure of any moneys except for
6 planning and design purposes to improve or construct rental
7 [+]motor vehicle[+] customer facilities and related services
8 located at an airport until a concession bid for rental motor
9 vehicle concessions located at the public airport as of July 1,
10 2008, is first advertised, bid upon, and awarded by the
11 department of transportation.

12 (c) The rental motor vehicle customer facility charge
13 special fund shall be exempt from sections 36-30 and 103-8.5.

14 (d) Any resolution or certificate authorizing any issue of
15 bonds relating to the use of the rental motor vehicle customer
16 facility charge for an airport capital improvement program
17 project approved by the legislature may establish other accounts
18 within the rental motor vehicle customer facility charge special
19 fund and require the transfer of the rental motor vehicle
20 customer facility charge into the other accounts to pay debt
21 service on the related bonds."



1 SECTION 3. Section 261-7, Hawaii Revised Statutes, is
2 amended by amending subsection (h) to read as follows:

3 "(h) Notwithstanding any laws to the contrary, the
4 department may establish, levy, assess, and collect rental motor
5 vehicle customer facility charges [~~which~~] without regard to
6 chapter 91, which shall be paid to the department periodically
7 as determined by the department [~~These charges~~] and shall be
8 used to pay for, or finance on a long-term basis or other-term
9 basis where appropriate, the design, planning, construction, and
10 other uses of the rental motor vehicle customer facility charges
11 as set forth by the rental motor vehicle customer facility
12 charge special fund in section 261-5.6.

13 The rental motor vehicle customer facility charges shall be
14 levied, assessed, and collected from all rental motor vehicle
15 customers who benefit from the use of any type of rental motor
16 vehicle facility or service provided by the department at a
17 state airport.

18 Beginning September 1, 2010, the department shall levy,
19 assess, and collect a rental motor vehicle customer facility
20 charge of \$4.50 per day, or any portion of a day that a rental
21 motor vehicle is rented or leased, by a rental motor vehicle
22 concession where customers pick up and return rental vehicles to



1 a facility at a state airport as determined by the director.
2 The \$4.50 per day rental motor vehicle customer facility charge
3 shall not be reduced by the department for at least twenty years
4 following September 1, 2010, or as necessary to satisfy payment
5 of any bonds issued or financial agreements entered into by the
6 department in furtherance of the purpose of the rental motor
7 vehicle customer facility charge special fund under section 261-
8 5.6.

9 All rental motor vehicle customer facility charges shall be
10 collected by lessors as defined in section 437D-3 and who
11 operate a [~~car~~] rental motor vehicle concession awarded by the
12 department at a state airport; provided that customers of
13 lessors, as defined in section 437D-3, who do not operate a
14 [~~car~~] rental motor vehicle concession at a state airport but
15 whose customers benefit from the use of a [~~car~~] rental motor
16 vehicle facility or service at a state airport paid for by
17 rental motor vehicle customer facility charges, shall collect
18 from [~~such car~~] rental motor vehicle customers, rental motor
19 vehicle customer facility charges in an amount determined by the
20 department in its sole discretion that represents a fair share
21 of the cost and ongoing expenses relating to customer use of
22 [~~such a~~] the facility or service[-] notwithstanding any law to



1 the contrary and without regard to the requirements of chapter
2 91. All rental motor vehicle customer facility charges
3 collected by [~~sueh~~] the lessor shall be paid to the department.

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

9 SECTION 4. Act 226, Session Laws of Hawaii 2008, is
10 amended by repealing section 9.

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

21 ~~The provisions of this section shall not impair, limit, or~~
22 ~~restrict the department of transportation from levying,~~



1 ~~assessing, establishing, and collecting rental motor vehicle~~
2 ~~customer facility charges as set forth in section 7 of this~~
3 ~~Act."]~~

4 SECTION 5. There is appropriated out of the rental motor
5 vehicle customer facility charge special fund established by
6 section 261-5.6, Hawaii Revised Statutes, the sum of \$
7 or so much thereof as may be necessary for fiscal year 2010-2011
8 for:

- 9 (1) Planning, design, and construction relating to and
10 for the temporary relocation of rental motor vehicle
11 operations and related expenses at Honolulu
12 international airport;
- 13 (2) Planning, design, and construction of consolidated
14 rental motor vehicle facilities at Honolulu
15 international airport and related expenses;
- 16 (3) Construction of an overflow vehicle storage lot at
17 Kahului airport and related expenses;
- 18 (4) Planning and design of consolidated facilities at
19 Kahului airport and related expenses;
- 20 (5) Statewide development and program management of a
21 vehicle rental facilities program and related
22 expenses;



1 (6) Purchase of, or reimbursing of the department of
2 transportation or any department or agency of the
3 state that purchases lands, together with any
4 supporting utility and utility allocation needs for
5 such lands, near Lihue Airport for purposes of
6 locating a consolidated rental motor vehicle
7 facility on such lands; and

8 (7) Initial planning and design of a consolidated rental
9 motor vehicle facility on lands at or near Lihue
10 Airport, and related expenses.

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

13 SECTION 6. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on July 1, 2020;
16 provided that Section 4 of this Act shall not take effect until
17 September 1, 2020; provided further that section 5 of this Act
18 shall take effect on July 1, 2020.



Report Title:

Aeronautics; Rental Motor Vehicle Customer Facility Charge
Special Fund

Description:

Raises rental motor vehicle customer facility charge from \$1/day to \$4.50/day. Appropriates an unspecified amount out of the rental motor vehicle customer facility charge special fund for multiple purposes. Effective July 1, 2020. (SB2461 HD2)

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