
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 car-rental-facilities-charge program similar to
13 programs at more than one-hundred other airports across the
14 United States. The Act initially established a car-rental-
15 facility charge of \$1 per day and initially appropriated
16 \$10,000,000 for planning, design, and some improvements.
17 Recognizing the importance of the program to Hawaii's
18 construction industry and economy, the legislature required the



1 department of transportation to provide annual reports and
2 timelines to ensure the "fast-tracking" of the facility projects
3 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 state-wide 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 car-rental-facility charge to \$4.50 daily as
11 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 per cent to forty per
14 cent in construction cost savings.

15 As reported by consultants, the increased charge to \$4.50
16 daily is expected to have no negative impact as to car-rentals
17 at 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 attract car-rental
22 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 car-rental-facility charge. To
5 minimize the impact to travel agents and other marketing travel
6 packages and quoting prices, the legislature will delay
7 implementation of the increased car-rental-facility charge until
8 September 1, 2010.

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



1 amount of customer facility charge fees as recommended by[^]
2 consultants are collected by the department no later than
3 September 1, 2010, to avoid and ensure there are no further
4 delays to the program if the department is not collecting the
5 minimum car-rental-facility charge fees by that date.

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

- 10 (1) Raising the initial car-rental-facility charge set by
11 the legislature from \$1 daily to \$4.50 daily as
12 recommended by consultants so the strength of the
13 program can be maintained and so it can benefit from
14 various anticipated costs savings;
- 15 (2) Removing the initial collection ceiling of car-rental-
16 facility charges of \$25,000,000 so an excess of
17 \$500,000,000 of construction and finance costs can be
18 collected to fund and support the projects based upon
19 consultant estimates and reports provided to date;
- 20 (3) Clarifying the law so that the department can adjust
21 the car-rental-facility charge without having to
22 establish rules; and



1 (4) Appropriating \$320,000,000 for the program for its
2 continued fast-tracking of projects, including the
3 construction of projects at Honolulu International
4 Airport and Kahului airports.

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

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

19 The rental motor vehicle customer facility charges shall be
20 levied, assessed, and collected from all rental motor vehicle
21 customers who benefit from the use of any type of rental motor



1 vehicle facility or service provided by the department at a
2 state airport.

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



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

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

8 "SECTION 9. Notwithstanding section 7 of this Act, the
9 department of transportation, as of September 1, [~~2008~~] 2010,
10 and periodically thereafter as necessary, shall levy, assess,
11 and collect a rental motor vehicle customer facility charge so
12 all such charges collected by the department total at least a
13 minimum of [~~\$1~~] \$4.50 per day, or any portion of a day that a
14 rental motor vehicle is rented or leased, by a rental motor
15 vehicle concession where customers pick up and return rental
16 vehicles to a facility at a state airport as determined by the
17 director. Moneys shall continue to be collected only until such
18 time [~~that the sum of \$25,000,000 is collected and deposited~~
19 ~~into~~] as necessary to meet the needs and purposes of the rental
20 motor vehicle customer facility charge special fund. The
21 provisions of this section shall not impair, limit, or restrict
22 the department of transportation from levying, assessing,



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

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

- 17 (1) Planning, conceptual design, and design of rental
18 motor vehicle customer facilities at state airports
19 and related services; and
- 20 (2) Planning, conceptual design, design, and improvement,
21 pavement, lighting, construction, and fencing to an
22 existing ground-level storage area shared by rental



1 motor vehicle concessions at the state airport
2 located in Kahului, Maui.

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

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

9 SECTION 4. There is appropriated out of the rental motor
10 vehicle customer facility charge special fund established by
11 section 261-5.6, Hawaii Revised Statutes, the sum of
12 \$320,000,000 or so much thereof as may be necessary for fiscal
13 year 2010-2011 for the:

- 14 (1) Planning, design, and temporary relocation of rental
15 motor vehicle operations and related expenses;
- 16 (2) Construction costs relating to temporary relocation
17 of current rental motor vehicle operations during
18 the construction of a consolidated facility at the
19 Honolulu International Airport and related expenses;
- 20 (3) Planning and design of rental motor vehicle
21 facilities at the Honolulu International Airport and
22 related expenses;



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

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

17 SECTION 5. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 6. This Act shall take effect on July 1, 2010.



Report Title:

Airports; Rental Motor Vehicle Customer Facility Charge Special Fund

Description:

Raises 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. (HB2370 HD1)

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