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# 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, which  
13 established a rental motor vehicle customer facility charge  
14 program similar to programs at more than seventy-five other  
15 airports across the United States. Act 226 established a rental  
16 motor vehicle customer facility charge of \$1 per day. Act 226  
17 also 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 but not limited to, the construction of a  
16 \$230,000,000 consolidated-facility at Honolulu  
17 International Airport and an overflow storage facility  
18 at 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 such charges as proposed could likely result in  
3 the fee rising higher than \$5 daily which must be avoided.

4 The charge of \$4.50 daily and revenues generated will  
5 strongly support the program as well as the bonds to finance the  
6 related construction projects, which will total about  
7 \$500,000,000. It is very important that the program have strong  
8 financing and the stream of revenues to attract the buyers of  
9 the bonds during these turbulent economic times, to avoid  
10 program delays. The one-time-increased charge as opposed to  
11 stepped-up charges will also result in as much as \$300,000,000  
12 saved in finance costs. By fast-tracking the projects, it is  
13 anticipated the program will benefit from about thirty per cent  
14 to forty per 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 rental motor  
17 vehicles at public airports or public airport revenues. Other  
18 cities and airports have studied similar concerns and repeatedly  
19 the studies have found no correlation or negative impact related  
20 to an increased charge. In fact, airports generally have seen  
21 an increase in revenues since the facilities attract motor

1 vehicle rental companies to conduct their business at the  
2 airport.

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

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

1 twelve months or longer. The legislature finds that it is  
2 preferable that increased charges be implemented as of  
3 September 1, 2010, to avoid further delays to the program.

4 The intent of this Act is to continue the fast-tracking of  
5 this program and its projects, thereby providing critical jobs  
6 to Hawaii's residents and stimulating Hawaii's suffering economy  
7 by:

- 8 (1) Raising the initial rental motor vehicle customer  
9 facility charge, as established by Act 226, Session  
10 Laws of Hawaii 2008, from \$1 daily to \$4.50 daily as  
11 recommended by consultants so the strength of the  
12 program can be maintained and the program can benefit  
13 from various anticipated costs savings;
- 14 (2) Raising the initial collection ceiling of the rental  
15 motor vehicle customer facility charges from  
16 \$10,000,000 to a minimum of \$500,000,000 based upon  
17 consultant estimates and reports provided to date;
- 18 (3) Clarifying that the department can adjust the rental  
19 motor vehicle customer facility charge without having  
20 to establish rules, as recently reported by the  
21 department; and

1           (4) Appropriating \$320,300,000 out of the rental motor  
2           vehicle customer facility charge special fund for the  
3           program for its continued fast-tracking of projects,  
4           including the construction of projects at Honolulu  
5           International Airport and Kahului Airport.

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

8           "(h) Notwithstanding any laws to the contrary, the  
9           department may establish, levy, assess, and collect rental motor  
10          vehicle customer facility charges, which shall be paid to the  
11          department periodically as determined by the department[-];  
12          provided that the department shall conduct a public  
13          informational hearing prior to implementing any charges. These  
14          charges shall be used to pay for, or finance on a long-term  
15          basis where appropriate, the design, planning, construction, and  
16          other uses of the rental motor vehicle customer facility charges  
17          as set forth by the rental motor vehicle customer facility  
18          charge 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 motor vehicle concession awarded by the  
6 department at a state airport; provided that customers of  
7 lessors, as defined in section 437D-3, who do not operate a  
8 [~~car~~] rental motor vehicle concession at a state airport but  
9 whose customers benefit from the use of a [~~car~~] rental motor  
10 vehicle facility or service at a state airport paid for by  
11 rental motor vehicle customer facility charges, shall collect  
12 from [~~such car rental~~] rental motor vehicle customers, rental  
13 motor vehicle customer facility charges in an amount determined  
14 by the department that represents a fair share of the cost and  
15 ongoing expenses relating to customer use of such a facility or  
16 service. All rental motor vehicle customer facility charges  
17 collected by such lessor shall be paid to the department.

18 Notwithstanding any law to the contrary, the department may  
19 contract the management, maintenance, and operations of the  
20 facility and related services with airport concessions or their  
21 designee that share in the use of a rental motor vehicle  
22 customer facility at a state airport."

1 SECTION 3. Act 226, Session Laws of Hawaii 2008, is  
2 amended by amending section 9 to read as follows:

3 "SECTION 9. Notwithstanding section 7 of this Act, the  
4 department of transportation, as of September 1, [~~2008,~~] 2010,  
5 shall levy, assess, and collect a rental motor vehicle customer  
6 facility charge of [~~\$1~~] \$4.50 per day, or any portion of a day  
7 that a rental motor vehicle is rented or leased, by a rental  
8 motor vehicle concession where customers pick up and return  
9 rental vehicles to a facility at a state airport as determined  
10 by the director. Moneys shall continue to be collected only  
11 until such time that the sum of [~~\$25,000,000~~] \$500,000,000 is  
12 collected and deposited into the rental motor vehicle customer  
13 facility charge special fund. The \$4.50 per day rental motor  
14 vehicle customer facility charge shall not be reduced by the  
15 department of transportation for at least twenty years following  
16 September 1, 2010, or until such time as necessary to satisfy  
17 payment of any bonds issued or financial agreements entered into  
18 by the department of transportation in furtherance of the  
19 purpose of the rental motor vehicle customer facility charge  
20 special fund under section 261-5.6, Hawaii Revised Statutes.

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 4. 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 \$320,000,000 or so much thereof as may be necessary for fiscal  
8 year 2010-2011 for:

- 9 (1) Planning, design, and temporary relocation of rental  
10 motor vehicle operations and related expenses;
- 11 (2) Construction costs relating to temporary relocation  
12 of current rental motor vehicle operations during  
13 the construction of a consolidated facility at the  
14 Honolulu International Airport and related expenses;
- 15 (3) Planning and design of rental motor vehicle  
16 facilities at the Honolulu International Airport and  
17 related expenses;
- 18 (4) Planning, design, and construction of an overflow  
19 storage lot at Kahului Airport and related expenses;
- 20 (5) Initial planning and design of consolidated  
21 facilities at Kahului Airport and related expenses;

1           (6)    Statewide development and program management of a  
2                    motor vehicle rental facilities program and related  
3                    expenses; and

4           (7)    Construction of a consolidated rental motor facility  
5                    at Honolulu International Airport and related  
6                    expenses.

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

9           SECTION 5. Any unexpended or unencumbered balance of any  
10 appropriation made by section 10 of Act 226, Session Laws of  
11 Hawaii 2008, as of the close of business on June 30, 2011  
12 shall lapse into the rental motor vehicle customer facility  
13 charge special fund.

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

16           SECTION 7. This Act shall take effect on July 1, 2010.

17

**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 funds out of the rental motor vehicle customer facility charge special fund for multiple purposes. (SD1)

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