

Honolulu, Hawaii

Feb 9, 2010

RE: H.B. No. 2370
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 2370 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this bill is to continue to assist in the renovation and development of car rental customer facilities at Hawaii's airports by:

- (1) Clarifying statutory language to allow the Department of Transportation (DOT) to adjust the rental motor vehicle customer facility charge without having to establish rules provided that a public informational hearing on the adjustment is held;
- (2) Increasing the initial rental motor vehicle customer facility charge from \$1 per day to \$4.50 per day beginning on September 1, 2010;
- (3) Increasing the collection ceiling for the rental motor vehicle customer facility charge from \$25,000,000 to \$483,908,000;
- (4) Stipulating that any unexpended or unencumbered balance of any appropriation of Act 226, Session Laws of Hawaii 2008, as of the close of business on June 30, 2011, will



lapse into the Rental Motor Vehicle Customer Facility Charge Special Fund; and

- (5) Appropriating \$291,300,000 out of the Rental Motor Vehicle Customer Facility Charge Special Fund for fiscal year 2010-2011 for the continued fast-tracking of projects, including construction projects at Kahului Airport and Honolulu International Airport.

DOT, Catrala Hawaii, Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, and The Hertz Corporation testified in support of this bill. The Tax Foundation of Hawaii submitted comments.

The rental car industry plays a vital role in Hawaii's most important industry, tourism. To provide better service to customers renting vehicles at the state's airports, improvements need to be made to the many facilities located at the airports that serve rental car customers. Despite the substantial financial contributions rental car companies make to the state airports system, improvements of rental car facilities have not been high on the priority list for repair and improvements. As such, Act 226, Session Laws of Hawaii 2008, (Act 226) was enacted to allow DOT to establish and collect car rental customer facility charges for deposit into a special fund to be used for these improvements.

While Act 226 provided funding to begin the fast-tracking process and for planning and design phases of projects, your Committee finds that the time has come to provide a source of funding that will generate sufficient revenues to fund the approximately \$500,000,000 in car rental facility projects statewide. By increasing the rental motor vehicle customer facility charge, the fast-tracking of these projects can continue, which is predicted to result in construction cost savings of 30 percent to 40 percent and provide much-needed jobs during the economic downturn now gripping the state.

Your Committee has amended this bill by:

- (1) Clarifying that the rental motor vehicle customer facility charge must be used to pay for, or finance on a long-term or other term basis where appropriate, the design, planning, construction, and other uses of the rental motor vehicle customer facility charges;




- (2) Clarifying that DOT may negotiate and contract the management, maintenance, and operations of the facility and related services with one or more airport concessions or their designee that share in the use of a rental motor vehicle customer facility at a state airport;
- (3) Eliminating the collection ceiling of \$483,908,000 and instead allowing for money to continue to be collected as necessary to meet the needs and purposes of the Rental Motor Vehicle Customer Facility Charge Special Fund;
- (4) Providing DOT with sole discretion and greater flexibility in determining the rental motor vehicle customer facility charge;
- (5) Stipulating that the minimum total collections for the charges of \$4.50 per day shall not be lowered by the department for a minimum period of at least 20 years commencing on September 1, 2010, or until such time as necessary to pay any bonds or financial agreements issued or entered into to support or assist in meeting the use or purpose of the Rental Motor Vehicle Customer Facility Charge Special Fund, whichever occurs later;
- (6) Appropriating \$320,000,000 out of the Rental Motor Vehicle Customer Facility Charge Special Fund for fiscal year 2010-2011 for various airport rental car facility projects;
- (7) Including the purchase, or reimbursement for the purchase, of land near the Lihue Airport for purposes of planning, design, and construction of a consolidated rental motor vehicle facility as one of the specified projects; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2370, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2370, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Transportation,



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCE 201-10

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 2370	Committee Referral: TRN, FIN	Date: 2/03/2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. AWANA, Karen Leinani (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HANOHANO, Faye P.	/			
5. KEITH-AGARAN, Gilbert S.C.	/			
6. LEE, Marilyn B.	/			
7. NAKASHIMA, Mark M.	/			
8. RHOADS, Karl	/			
9. SAIKI, Scott K.				/
10. TAKUMI, Roy M.	/			
11. YAMASHITA, Kyle T.	/			
12. PINE, Kymberly Marcos				/
TOTAL (12)	10	ϕ	ϕ	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				