

Honolulu, Hawaii

March 16, 2010

RE: S.B. No. 2461
S.D. 2
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 S.B. No. 2461, S.D. 2, 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, among other things:

- (1) Providing the Department of Transportation (DOT) with greater flexibility in determining the rental motor vehicle customer facility charge (Customer Facility Charge);
- (2) Increasing the initial Customer Facility Charge from \$1 per day to \$4.50 per day beginning on September 1, 2010;
- (3) Stipulating that the minimum total collections for the charges of \$4.50 per day shall not be lowered by DOT 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 (Special Fund);



- (4) Appropriating \$320,000,000 out of the Special Fund for fiscal year 2010-2011 for various airport rental car facility projects; and
- (5) Stipulating that any unexpended or unencumbered balance of any appropriation of Act 226, Session Laws of Hawaii 2008, (Act 226) as of the close of business on June 30, 2011, will lapse into the Special Fund.

DOT; Alamo Rent A Car; Dollar Thrifty Automotive Group, Inc.; Enterprise Rent A Car; National Car Rental; and The Hertz Corporation testified in support of this bill. Catrala-Hawaii supported this bill with amendments. The Tax Foundation of Hawaii provided 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 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 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.

However, your Committee understands that this measure is a work in progress and that the car rental industry and DOT have continued discussions on how to improve this legislation to ensure that delays in airport projects do not occur. Your Committee has amended this bill by:



- (1) Allowing DOT to establish, levy, assess, and collect Customer Facility Charges without conducting a public informational hearing prior to implementing any changes;
- (2) Authorizing financing on a basis other than a long-term basis, where appropriate, for construction of rental motor vehicle facilities and other permitted uses when using Customer Facility Charges to pay for the financing;
- (3) Providing DOT with sole discretion and greater flexibility in determining the Customer Facility Charge;
- (4) Clarifying that DOT may not only contract, but may also negotiate, the operations of the rental motor vehicle facility and related services with not just one, but more than one, airport concessions that share in the use of a facility at a state airport;
- (5) Stipulating that any resolution or certificate authorizing any issue of bonds relating to the use of the Customer Facility Charge for an airport capital improvement program project approved by the legislature may establish other accounts within the Special Fund and require the transfer of the passenger facility charge into the other accounts to pay debt service on the related bonds;
- (6) Appropriating \$286,000,000 out of the Special Fund for fiscal year 2010-2011 for various airport rental car facility projects and programs, amending the scope of the projects and programs, and adding:
 - (A) The purchase, or reimbursement for the purchase, of land near the Lihue Airport, together with any supporting utility and utility allocation needs for those lands, for purposes of locating a consolidated rental motor vehicle facility; and
 - (B) The initial planning and design of a consolidated rental motor vehicle facility on lands at, or near, Lihue Airport;
- (7) Deleting the provision stipulating that any unexpended or unencumbered balance of any appropriation of Act 226;




as of the close of business on June 30, 2011, will lapse into the Special Fund;

- (8) Changing the effective date to upon approval and stipulating that the abolishment of the \$1 daily charge shall not occur until September 1, 2010, when the new daily charge of \$4.50 takes effect; and
- (9) 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 S.B. No. 2461, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2461, S.D. 2, 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

HSCR 756-10

Record of Votes of the Committee on Transportation

Bill/Resolution No.: SB 2461, SD2 (SSCR2482)	Committee Referral: TRN, FIN	Date: March 10, 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)	8	1	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">(committee acronym(s))</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				