

Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii

Hearing: February 3, 2010, 9:00 a.m.; Room 309

Re: HB 2370 – Relating To Transportation

Chair Souki and Honorable Committee Members,

My name is Paul Kopel and I am the Legislative Committee Chair for Catrala-Hawaii. Catrala's membership consists of the major u-drive companies in Hawaii and the many businesses which support our industry.

Catrala supports the bill with amendments set forth in attached Exhibit. Material to be deleted is [bracketed]. Proposed new language is underlined.

This Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It's now time to take this Program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this by a one-time increase of the CFC fee to \$4.50 daily. By doing so and avoiding stepped up increases consultants have reported this will seek to avoid such CFC fee being raised to higher than \$5.00 daily in the future and will also result in \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40% while providing critical jobs to Hawaii's economy.

The major changes to this bill proposed by the amendments are:

(1) To ensure fast-tracking of the program by providing a minimum funding level for the program that cannot be diminished without legislative approval for a possible bond finance period of at least 20 years or possibly longer, the legislature will ensure the funding stream increase to \$4.50 per day takes place as recommended by consultants and in keeping with the program's financing plans.

(2) Further clarifies and provides for the funding and fast-tracking of projects not only at Honolulu International Airport and Kahului Airport but also for the Lihue Airport.

Some of the other changes to the bill are:

(1) Clarification of facts and intended language and program's purpose;
(2) Strengthen statutory language and departmental authority and powers to ensure program goals are met with minimum delay.

We thank you for your past support and respectfully urge you to pass this bill.

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RELATING TO TRANSPORTATION. ***FEB 2 10 CATRALA REVISIONS;
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[BRACKETS] AND UNDERLINE

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that although car rental concessions at Hawaii's public airports contribute over \$30,000,000 a year in concession revenues to support Hawaii's public airports, the legislature in 2008 recognized that no facility improvements to those concessions would be made given other airport priorities as to the use of the funds. Thus, in spite of years of discussions, the facilities over time have deteriorated and have not kept pace with car-rental facilities and services provided to visitors and residents at other public airports across the United States.

As a result the legislature in 2008 passed Act 226, which established a car-rental-facilities-charge program similar to programs at more than [seventy-five] one hundred other airports across the United States. The Act initially established a car-rental-facility charge of \$1 per day and initially appropriated \$10,000,000 for planning, design, and some improvements. Recognizing the importance of the program to Hawaii's construction industry and economy, the legislature required the department of transportation to provide annual reports and timelines to ensure the "fast-tracking" of the facility projects and services.

The department has sought to fast-track the program in keeping with the legislative directive and, with the assistance of planners, designers, and other consultants, has completed initial designs and plans for the state-wide program. The goal of this Act is continue the fast-tracking by:

(1) Taking the program to the next level by increasing the car-rental-facility charge to \$4.50 daily as recommended by consultants; and

(2) Making further appropriations to support the program including but not limited to the construction of a \$230,000,000 consolidated-facility at Honolulu International Airport and an over flow vehicle storage facility at Kahului airport.

According to reports prepared by consultants, the increased charge of \$1 daily to \$4.50 daily is expected to fund the planned state-wide program with no anticipated future increases. This fee and one-time step up is comparable to similar charges and programs at other airports. Delayed generation of revenues by stepping up such charges as proposed by some could likely result in the fee rising higher than \$5 daily which must be avoided.

The charge of \$4.50 daily and revenues generated will strongly support both the program as well as the bonds to finance the related construction projects, which will total about \$500,000,000 excluding finance charges. It is very important that the program have strong financing and the stream of revenues to attract the buyers of the bonds during these turbulent economic times and to [,] to avoid program delays. The one-time-increased charge as opposed to stepped-up charges

will also result in as much as \$300,000,000 saved in finance costs. By fast-tracking the projects, it is anticipated the program will benefit from about thirty per cent to forty per cent in construction cost savings.

As reported by consultants, the increased charge to \$4.50 daily is expected to have no negative impact as to car-rentals at public airports or public airport revenues. Other cities and airports have studied similar concerns and repeatedly the studies have found no correlation or negative impact related to an increased charge. In fact, airports generally have seen an increase in revenues since the facilities attract car-rental companies to conduct their business at the airport.

The program does not require visitors and residents to rent a car at a public airport. Individuals will have the opportunity to rent vehicles from off-airport locations and thereby avoid having to pay the car-rental-facility charge. To minimize the impact to travel agents and others marketing travel packages and quoting prices, the legislature will delay implementation of the increased car-rental-facility charge until September 1, 2010.

While the goal of fast-tracking was to start the construction of the Honolulu International Airport facility as early as the first quarter of 2010 and thereby provide critical jobs and support for Hawaii's economy, the failure to date of [collection of the] increas[e]ing the charge to \$4.50 daily has delayed the implementation of this start date as well as any related sale of bonds. Although the Act provides that the

department has the discretion to raise and adjust the car-rental-facility charge to meet the program's goals notwithstanding any law to the contrary, the department recently commented that the law needs to be clarified and that it cannot increase charges without proceeding through the rules process, which could take twelve months or longer. The legislature finds that it is preferable that it mandate such increased charges so such minimum amount of CFC fees as recommended by consultants are [be] collected [implemented] by the department by no later than [as of] September 1, 2010, to avoid and ensure there are no further delays to the program if the department is not collecting such minimum CFC fees by such date.

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

(1) Raising the initial car-rental-facility charge set by the legislature from \$1 daily to \$4.50 daily as recommended by consultants so the strength of the program can be maintained and it can benefit from various anticipated costs savings;

(2) Removing [Raising] the initial collection ceiling of car-rental-facility charges of [from] \$25,000,000 [10,000,000 to about\$484,000,000] so in excess of \$500,000,000 of construction and finance costs can be collected to fund and support the projects based upon consultant estimates and reports provided to date;

(3) Clarifying the law so that the department can adjust the car-rental-facility charge without having to establish rules, as recently reported by the department; and

(4) Appropriating \$320,000,000 [301,300,000] for the program for its continued fast-tracking of projects, including the construction of projects at Honolulu International Airport and and Kahului airports.

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

"(h) Notwithstanding any laws to the contrary, [including but not limited to chapter 91,] the department may establish, levy, assess, and collect rental motor vehicle customer facility charges, which shall be paid to the department periodically as determined by the department without regard to the requirements of chapter 91[-]; provided that a public informational hearing shall be held for any type of rental motor vehicle charge.

These charges shall 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 as set forth by the rental motor vehicle customer facility charge special fund in section 261-5.6.

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

All rental motor vehicle customer facility charges shall be collected by lessors as defined in section 437D-3 and who operate a car rental concession awarded by the department at a state airport; provided that customers of lessors, as defined in

section 437D-3, who do not operate a car rental concession at a state airport but whose customers benefit from the use of a car rental facility or service at a state airport paid for by rental motor vehicle customer facility charges, shall collect from such car rental customers, rental motor vehicle customer facility charges in an amount determined by the department in its sole discretion that represents a fair share of the cost and ongoing expenses relating to customer use of such a facility or service notwithstanding any law to the contrary and without regard to the requirements of chapter 91, provided that a public informational hearing shall be held as to any such charge. All rental motor vehicle customer facility charges collected by such lessors shall be paid to the department and deposited into the rental motor vehicle facility charge special fund.

Notwithstanding any law to the contrary, the department 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."

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

"SECTION 9. Notwithstanding section 7 of this Act, the department of transportation, as of September 1, [~~2008,~~] 2010 and periodically thereafter as necessary, shall levy, assess, and collect a rental motor vehicle customer facility charge so all such charges collected by the department total at least a minimum of [~~\$1~~] \$4.50 per day, or any portion of a day that a

rental motor vehicle is rented or leased, by a rental motor vehicle concession where customers pick up and return rental vehicles to a facility at a state airport as determined by the director. Moneys shall continue to be collected only until such time as necessary to meet the needs and purposes of [that the sum of [~~\$25,000,000~~] \$483,908,000 is collected and deposited into] the rental motor vehicle customer facility charge special fund. The provisions of this section shall not impair, limit, or restrict the department of transportation from levying, assessing, establishing, increasing, lowering and collecting rental motor vehicle customer facility charges as set forth in section 7 of this Act or this section 9 provided the above-mentioned minimum total collections for such charges of \$4.50 per day shall not be lowered by the department for a minimum period of at least twenty years commencing September 1, 2010 or until such time as necessary to pay any bonds or financial agreements issued or entered into to support or to assist in meeting the use or purpose of the special fund as set forth in section 261-5.6, whichever event occurs last.

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

(1) Planning, conceptual design, and design of rental motor vehicle customer facilities at state airports and related services; and

(2) Planning, conceptual design, design, and improvement, pavement, lighting, construction, and fencing to an existing ground-level storage area shared by rental motor vehicle concessions at the state airport located in Kahului, Maui.

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

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

SECTION 4. There is appropriated out of the rental motor vehicle customer facility charge special fund established by section 261-5.6, Hawaii Revised Statutes, the sum of \$320,000,000 [291,300,000] or so much thereof as may be necessary for fiscal year 2010-2011 for the:

(1) Planning, design, and temporary relocation of rental motor vehicle operations and related expenses;

(2) Construction costs relating to temporary relocation of current rental motor vehicle operations during the construction of a consolidated facility at the Honolulu International Airport and related expenses;

(3) Planning and design of rental motor vehicle facilities at the Honolulu International Airport and related expenses;

(4) Planning, design, and construction of an overflow storage lot at Kahului Airport and related expenses;

(5) Initial planning and design of consolidated facilities at Kahului Airport and related expenses;

(6) Statewide development and program management of a car rental facilities program and related expenses; [and]

(7) Construction of a consolidated rental motor facility at Honolulu International Airport and related expenses; and

(8) Purchase and/or reimbursing the department of transportation, or any department or agency of the State, that purchaes land near the Lihue Airport for purposes of planning, design and construction of a consolidated rental motor vehicle facility on such land.

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

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

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

awana1-Enoka

From: Mike Lameier [mike.lameier@gmail.com]
Sent: Tuesday, February 02, 2010 5:46 PM
To: TRNtestimony
Cc: Rep. Isaac W. Choy
Subject: testimony for HB 2952 Relating to Mopeds

LATE TESTIMONY

Follow Up Flag: Follow up
Flag Status: Flagged

I am a resident of Mano Valley and received notification of this Bill **FROM THE OFFICE OF REPRESENTATIVE ISAAC W. CHOY on Feb. 2nd**. I support the idea of a moped Task Force, but feel that one or two more members from the moped industry or community should be included on this task force. There are four public servants and only one industry rep. I feel that this is an unbalanced representation and the outcomes and outputs of the task force may also be unbalance resulting in inaccurate legislation, which will not effectively address the real issue and problems related to this Bill.

Additionally, as moped rider, I value the affordability of my moped and I am against having this task force possessing any ability to create any legislation, which may increase registration fees or implement license or insurance requirements. The focus of the task force should be to address the safety and legal concerns associated with mopeds. Increases to fees and other associated costs will potentially cause a decrease in sales and will ultimately hurt the moped industry in Hawaii.

Mahalo,

Mike Lameier
2871 B Manoa Rd
Honolulu, HI 96822