

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA
IN REPLY REFER TO:

March 10, 2010

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

COMMITTEE ON TRANSPORTATION

SENATE BILL NO. 2461, SD2
RELATING TO TRANSPORTATION

The Department of Transportation (DOT) supports this bill. The increase in the CFC charge will enable the DOT to move forward with the effort to provide modern rental car facilities for travelers and residents.

The projects funded in this bill will assist the industry in providing services more effectively and efficiently, and will add to the overall impression of Hawaii as a world class visitor destination.

Thank you for considering our testimony.

awana3-Colleen

From: Tina Desuacido [tina500@juno.com]
Sent: Monday, March 08, 2010 11:14 AM
To: TRNtestimony
Subject: Tax Foundation Testimony
Attachments: s2461e10.pdf

TRANSMISSION OF TESTIMONY

Date: Monday, March 8, 2010
To: House Committee on Transportation
From: Tax Foundation of Hawaii

TOTAL PAGES - 1

For: Representative Joseph Souki, Chair
Testifier: Lowell L. Kalapa, President - Tax Foundation of Hawaii

Lowell Kalapa will not be attending the hearing.

Date of Hearing: March 10, 2010

Time of Hearing: 9:00 am

SB 2461, SD-2 - Relating to Transportation (1 page)

Number of Copies - 5

Thank you

TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Rental motor vehicle customer facility charge

BILL NUMBER: SB 2461, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Amends HRS section 261-7 to statutorily establish and increase the rental motor vehicle customer facility charge from \$1 to \$4.50 per day on September 1, 2010. Stipulates that the \$4.50 charge shall not be reduced by the department of transportation for at least 20 years following its imposition, or as necessary for the repayment of bonds.

Makes conforming amendments to Act 226, SLH 2008.

Appropriates \$320,000,000 out of the rental motor vehicle customer facility charge special fund for fiscal 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.

Amends HRS section 261-7(h) to require a public hearing for any type of rental motor vehicle charge.

EFFECTIVE DATE: July 1, 2010

STAFF COMMENTS: The legislature by Act 226, SLH 2008, provided for the imposition of a rental motor vehicle customer facility charge to be used to develop, renovate, enhance, and maintain car rental facilities at state airports. It should be noted that the rental motor vehicle customer facility charge is based on the number of cars rented and as visitor counts fluctuate, so will the amount of revenues in the fund which may make the car rental customer facility charge an undependable source of revenue. As the purpose clause notes, this measure is to "fast-track" the building of a consolidated rental car facility at the state's airports, in particular at Honolulu International Airport. It is an ambitious project as the ceiling on the special fund is being raised to more than \$480 million. Care should be exercised to insure that these funds can not be raided to be used for purposes other than building the specified facility. A special fund of this size could become a very tempting target to bail out general fund programs in these difficult economic times.

Digested 3/8/10



544 Ohohia Street, Ste 7
Honolulu, HI 96819

Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii
a.m.; Room 309

Hearing: March 10, 2010, 9:00

Re: SB 2461, SD2 – Relating To Transportation

Chair Souki and Honorable Committee Members,

My name is Christian Heimbach and I am the Business Manager with Alamo Rent A Car.

We support this bill and testimony by Catrala-Hawaii requesting amendments to bill.

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.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 as recommended by consultants to: 1) avoid any delays or problems due to lack of funding; and 2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

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

Christian Heimbach
Business Manager



Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii

Hearing: March 10, 2010, 9:00 a.m.; Room 309

Re: SB 2461, SD2 – Relating To Transportation

Chair Souki and Honorable Committee Members,

My name is Garrick Higuchi and I am the Area Director with Dollar Thrifty Automotive Group.

We support this bill and testimony by Catrala-Hawaii requesting amendments to bill.

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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Garrick Higuchi", with a long horizontal flourish extending to the right.

Garrick Higuchi
Area Director
Dollar Thrifty Automotive Group, Pacific Area
1600 Kapiolani Blvd, Ste 825
Honolulu, HI 96814
Email: Garrick.higuchi@dtag.com

DTG Operations, Inc.
1600 Kapiolani Blvd.
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Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii

Hearing: March 10, 2010, 9:00 a.m.; Room 309

Re: SB 2461, SD2 – Relating To Transportation

Chair Souki and Honorable Committee Members,

My name is Paul Kopel and I am the Vice President/General Manager with Enterprise Rent A Car.

We support this bill and testimony by Catrala-Hawaii requesting amendments to bill.

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.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 as recommended by consultants to: 1) avoid any delays or problems due to lack of funding; and 2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

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

A handwritten signature in black ink, appearing to read "Paul Kopel".

Paul Kopel
Vice President/General Manager



544 Oheoia Street, Ste 7
Honolulu, HI 96818

Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii
a.m.; Room 309

Hearing: March 10, 2010, 9:00

Re: SB 2461, SD2 – Relating To Transportation

Chair Souki and Honorable Committee Members,

My name is Michael Oh and I am the Training Manager with National Car Rental.

We support this bill and testimony by Catrala-Hawaii requesting amendments to bill.

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.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 as recommended by consultants to: 1) avoid any delays or problems due to lack of funding; and 2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

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

A handwritten signature in black ink that reads "Michael J. Oh". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Michael J. Oh
Training Manager



The Hertz Corporation
677 Ala Moana Blvd., STE# 916
Honolulu, HI 96813

Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii

Hearing: March 10, 2010, 9:00 a.m.; Room 309

Re: SB 2461, SD2 – Relating To Transportation

Chair Souki and Honorable Committee Members:

My name is Aaron Medina and I am the General Manager for Hawaii, with The Hertz Corporation.

We support this bill and testimony by Catrala-Hawaii requesting amendments to the bill.

The passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the car rental operations at Hawaii's airports. Initially the Act provided funding through collection of a CFC fee of \$1.00 daily, and appropriation of \$10 million for statewide planning and design.

It is now time to take this Program to the next level by generating sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this through 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 having to raise the fee to \$5.00 daily or more in the future. Fast tracking these projects through sufficient funding will realize an estimated \$300 million in finance savings, as well as an anticipated construction-cost savings of 30% to 40%, while providing critical jobs to Hawaii's economy.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 to: (1) avoid any delays or problems due to lack of funding; and (2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

Respectfully,

Aaron Medina
General Manager, Hawaii

Honorable Joseph Souki
Committee on Transportation
House of Representatives, Hawaii

Hearing: March 10, 2010, 9:00 a.m.; Room 309

Re: SB 2461, SD2 – 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 the attached Exhibit. Material to be deleted is [bracketed]. Proposed new language is underlined and italicized. These amendments are based on our latest discussions with the Department of Transportation and seek to also incorporate various provisions of HD1 to the companion House bill (HB 2370) passed by this Committee.

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.

We thank you for allowing us to testify and we urge you to pass this important bill which will not only provide greater services and facilities to Hawaii's travelers but will also stimulate Hawaii's economy with important and critical construction jobs. We are willing to answer any questions you may have.