

STAND. COM. REP. NO.

104

Honolulu, Hawaii

Feb 8, 2011

RE: H.B. No. 1100

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1100 entitled:

"A BILL FOR AN ACT RELATING TO PASSENGER FACILITY CHARGES,"

begs leave to report as follows:

The purpose of this bill is to continue the revenue stream for airport improvement projects by ensuring that the Department of Transportation (DOT) is able to collect the maximum Passenger Facility Charge (PFC) rate allowed by the Federal Aviation Administration (FAA).

DOT testified in support of this bill. The Tax Foundation of Hawaii provided comments.

In 2003, the Legislature authorized DOT to begin collecting PFCs on enplaning passengers and for those charges to be deposited into the PFC Special Fund. Revenues in the PFC Special Fund are required to be used for airport improvement projects approved by the Legislature and as permitted under the federal Aviation Safety and Capacity Expansion Act of 1990. Once a project has been approved, airlines and travel agents begin collecting the PFC. The FAA establishes the rate of the PFC, which is presently set at \$4.50 per passenger.

HB1100 HSCR TRN HMS 2011-1752



In Hawaii, the PFC and PFC Special Fund are administered by DOT and governed by the Hawaii Administrative Rules (HAR). Should the FAA adjust the maximum allowable PFC rate for Hawaii, the HAR governing the PFC must be changed in accordance with the rulemaking provisions of Chapter 91, Hawaii Revised Statutes. This process can be timely and result in the loss of revenues for Hawaii's airports. Allowing the PFC rate to be adjusted by DOT without going through the rulemaking process will allow for DOT to more effectively collect the maximum revenue for airport-related projects.

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. 1100 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



JOSEPH M. SOUKI, Chair



