

STAND. COM. REP. NO. 1163

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 1327  
S.D. 2  
H.D. 1

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 S.B. No. 1327, S.D. 2, 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 amount of the Passenger Facility Charge (PFC) allowed by the Federal Aviation Administration (FAA).

DOT supported this bill. The Tax Foundation of Hawaii offered 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.

In Hawaii, the PFC and PFC Special Fund are administered by DOT and governed by the Hawaii Administrative Rules (HAR). Should

SB1327 HD1 HSCR TRN HMS 2011-3310



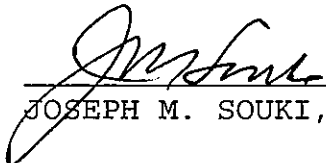
the FAA adjust the maximum allowable PFC rate for Hawaii, the HAR governing the PFC must be changed in accordance with the rulemaking provisions of Chapter 91, Hawaii Revised Statutes. This process can be untimely and can result in the loss of revenues for Hawaii's airports. Allowing the PFC rate to be adjusted by DOT without undergoing the rulemaking process will allow for DOT to more effectively collect the maximum amount of revenues for airport-related projects.

Your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2011; and
- (2) 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. 1327, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1327, 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-sixth Legislature

HS CR 1163

**Record of Votes of the Committee on Transportation**

Bill/Resolution No.: <b>SB 1327, SD2</b>	Committee Referral: <b>TRN, FIN</b>	Date: <b>3/23/11</b>		
<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. ICHIYAMA, Linda (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. CULLEN, Ty	✓			
5. LEE, Marilyn B.	✓			
6. LUKE, Sylvia	✓			
7. SAIKI, Scott K.	✓			
8. TAKUMI, Roy M.	/			✓
9. YAMASHITA, Kyle T.	✓			
10. FONTAINE, George R.	/			✓
11. JOHANSON, Aaron Ling	<del>✓</del>	✓	<del>✓</del>	
<b>TOTAL (11)</b>	<b>8</b>	<b>1</b>		<b>2</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted (If joint referral, _____ committee acronym(s) did not support recommendation.)				
Vice Chair's or designee's signature: <i>Richard Chiyane</i>				
Distribution:    Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				