

NEIL ABERCROMBIE
GOVERNOR



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

April 1, 2011

GLENN M. OKIMOTO
INTERIM DIRECTOR

Deputy Directors
FORD N. FUCHIGAMI
JAN S. GOUVEIA
RANDY GRUNE
JADINE URASAKI

IN REPLY REFER TO:

L A T E

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 1039, H.D. 1, S.D.1

COMMITTEE ON WAYS AND MEANS

The Department of Transportation appreciates the intent of this Bill, but has concerns that Section 2A. may conflict with the existing Section 2 of Act 33 Special Session Laws of Hawaii 2009.

Section 2A provides discretion and authority to the Department of Transportation to provide additional relief while Act 33 provides the authority to the Governor and only to the Department if directed by the Governor.

If the Committee wishes to forward this bill for further consideration, the Department of Transportation recommends Section 2A be amended to be consistent with the language in Act 33.

Greeters of Hawaii, Ltd.

P.O. Box 29638
Honolulu, Hawaii 96820
Phone: (808) 836-0161

L A T E

Honorable David Ige Chair
Committee on Ways and Means
Hawaii State Senate
State Capitol Building
Honolulu, Hawaii 96813

Hearing: April 1, 2011 at 9:00 A.M.

RE: HB 1039, SD1 – Relating to Transportation

Chair Ige and Honorable Committee Members:

My name is Peter S. Fithian and I am the President of Greeters of Hawaii, Ltd.

I support SD1 to this bill with amendment and also support any comments that may be made by the Airports Concessionaires Committee in support of SD1. I ask the bill be amended by extending Act 33 2 years rather than just 1 year since it took the past Administration more than 1 year to negotiate with some concessions.

The Legislature in 2009 recognized that a serious problem with airport concession contracts existed in that they did not all have the same type of economic relief provisions including the 85% self-adjusting-guaranteed rent formula.

In response to this unfairness, the Legislature in 2009 passed Act 33 to give the Governor and the Department of Transportation the "discretion and flexibility" to grant various forms of relief to concessionaires to correct the problem.

While qualified concessionaires negotiated separately with the Department, the past Administration did not provide the 85% self-adjusting-guaranteed rent relief formula or similar relief to all concessions. The Department did not offer it to all concessions. As a result and given the recent Japan crisis, various concessions will again suffer severe economic hardship due to the continuing unfairness of some concessions having relief provisions that other concessions do not have.

The purpose of this bill is simply to extend Act 33 an additional 24 months beyond July 1, 2011 to give the new Administration the power, flexibility and discretion it needs to work with the concessions affected by the Japan crisis and who do not have this 85% self-adjusting-guaranteed relief formula (or similar provision) like other concessions.

I support the goal of fair treatment of all concessions in time of economic crisis and hardship. A concession should not be forced to go out of business or suffer severe economic burdens simply because it does not have the economic relief provisions the Department provided to other concessions.

TIARE ENTERPRISES, INC.

Honorable David Ige Chair
Committee on Ways and Means
Hawaii State Senate
State Capitol Building
Honolulu, Hawaii 96813

L A T E

Hearing: April 1, 2011 at 9:00 a.m.

RE: HB 1039, SD1 – Relating to Transportation

Chair Ige and Honorable Committee Members:

My name is Robert Fithian and I am the President of Tiare Enterprises, Inc.

I support this bill with amendment extending Act 33 2 years instead of 1 year. It took the past Administration over 1 year to negotiate with some concessions.

The Legislature in 2009 recognized that a serious problem with airport concession contracts existed in that they did not all have the same type of economic relief provisions including the 85% self-adjusting-guaranteed rent formula.

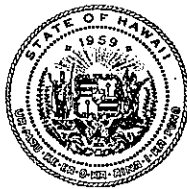
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April 1, 2011

REVISED TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 1039, H.D. 1, S.D.1

COMMITTEE ON WAYS AND MEANS

The Department of Transportation appreciates the intent of this bill by extending the expiration of Act 33, Special Session Laws of Hawaii 2009, for an additional year.

It has no position, however, on Section 2 of H.B. 1039, H.D. 1, S.D. 1, which provides specific relief to airport concessions that do not have a self-adjusting lease formula as of March 31, 2011. For this Committee's information, there are approximately 101 concessionaires with leases or permits at the airport. Only 8 have leases that do not have a self-adjusting lease formula. In the past, of these 8 concessionaires, 4 have already received relief under Act 33.

Thank you for the opportunity to provide testimony on HB 1039, H.D. 1, S.D.1.