



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

February 25, 2011

**TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION**

**HOUSE BILL NO. 1100**

**HOUSE COMMITTEE ON FINANCE**

The Department of Transportation (DOT) support this S.B. 1327, which statutorily ensures the DOT is able to collect the maximum allowed passenger facility charge ("PFC") rate, as may be amended by the FAA from time to time.

The U.S. Congress has authorized airports to impose a PFC on enplaning passengers. Such PFCs are to be used by the airports to fund FAA-approved airport improvement projects. Once the FAA has approved a PFC, federal law requires airlines and travel agents to collect PFCs from their passengers. The PFC rate is established by the Federal Aviation Administration. Currently, the FAA approved PFC for Hawaii is \$4.50 per enplaned passenger.

In 2003, the Legislature established the Passenger facility charge special fund (the "Fund"), as codified in section 261-5.5, Hawaii Revised Statutes. However, the administration of the PFC is currently governed by title 19, chapter 36 of the Hawaii Administrative Rules. Thus, if the FAA amends the maximum allowed PFC rate, then the Department must amend HAR § 19-36-4, in accordance with the Hawaii Administrative Procedures Act, to likewise adjust the PFC rate. As a housekeeping measure, the Department proposes the immediate bill to statutorily ensure the ability to automatically collect the maximum allowed PFC rate, as may be amended by the FAA from time to time.

As stated earlier, PFCs can only be expended on projects approved by the FAA. Examples of projects include those that increase the capacity of our facilities through major new construction, updating aging facilities at all airports statewide, regularly maintain all airfields to ensure compliance with strict Federal Aviation Administration (FAA) standards or face closure, and projects that ensure compliance with the changing Environmental Protection Agency codes and regulations.

# TAXBILLSERVICE

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**SUBJECT:** MISCELLANEOUS, Passenger facility charge

**BILL NUMBER:** SB 1327; HB 1100 (Identical)

**INTRODUCED BY:** SB by Tsutsui by request; Say by request

**BRIEF SUMMARY:** Amends HRS section 261-7 to allow the department of transportation to assess passenger facility charges (PFC) as authorized under 49 United States code section 40117 and as provided under 14 Code of Federal Regulations part 158 for overseas or international passengers, without regard to the provisions of HRS chapter 91. Requires the department of transportation to establish the PFC in accordance with applicable federal laws and regulations. Clarifies that no PFC shall be assessed on any flight segment between two airports within the state.

**EFFECTIVE DATE:** Upon approval

**STAFF COMMENTS:** This was an administration measure submitted by the department of transportation TRN-13(11). This measure would allow the department of transportation to adjust the amount of the federally authorized PFC without the administrative "paperwork" of HRS chapter 91. While the amount of the PFC is established on the federal level, this would allow the department of transportation to collect the maximum amount of the fee on a timely basis.

Digested 1/28/11