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LATE TESTIMONY

February 9, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE COMMITTEE ON TRANSPORTATION

HOUSE BILL NO. 325, H.D. 1

The Department of Transportation understands and appreciates the need for agricultural support facilities at the state's airports. In this regard, the DOT would conditionally support House Bill 325, H.D. 1 since the Hilo International Airport is an ideal site for a food storage facility as proposed. A new refrigerated food storage facility would enhance and support the large emerging diversified agricultural farming industry on the island of Hawaii.

The conditions of support are: 1) There is adequate space at the airport for such a facility in a location that will work in conjunction with the airport master plan, and 2) Operators of the facility pay fair market value rent under a lease with DOT set by appraisal.

The reason for condition number 2 is the DOT cannot provide any subsidies for such a facility since Federal law prohibits the use of airport revenue for expenses unrelated to the capital and operating costs of the airport, the airport system, or facilities devoted to air transportation. A food storage facility as proposed falls outside the scope of permitted airport activities.

Additionally, the DOT-Airports Division has executed grant agreements to construct airport facilities with federal funds. All grant agreements mandate that airport revenue be expended only for capital or operating costs of the airport that are directly and substantially related to the actual air transportation of passengers or property. A food storage facility as proposed falls outside this definition. As such, the use of airport revenue for this type of facility may result in the breach of this provision thereby jeopardizing the ability to receive future federal funds.

Based on the above, the DOT supports House Bill 325, H.D. 1.