

**SB 1327**



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

IN REPLY REFER TO:

January 31, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 1327

HOUSE COMMITTEE(S) ON TRANSPORTATION AND  
PUBLIC SAFETY & MILITARY AFFAIRS

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.

Testimony In Support of  
SB 1327 RELATING TO PASSENGER FACILITY CHARGES

By

Al Lardizabal, Director of Government Relations  
Hawaii Laborers' Union

To the

Senate Committee on Transportation and International Affairs

January 31, 2010

Room 224, 1:15 p.m.

State Capitol

Senator J. Kalani English, Chair; Senator Will Espero, Vice Chair and Members of the Committee:

On behalf of Mr. Peter Ganaban, Business Manager, the officers and members of the Hawaii Laborers Union, we support SB 1327 allowing the Department of Transportation Airports division, to collect increases in passenger facility charges from enplaned passengers without the need to amend the administrative rules when the Federal Aviation Administration amends the rate from time to time.

These charges are used for the improvement of airport and air navigation facilities owned or controlled by the department of transportation. We understand that these charges are not imposed on interisland passengers.

Thank you for the opportunity to submit this testimony.

# 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