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# A BILL FOR AN ACT

RELATING TO AIRLINES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that tourism remains the  
2 State's primary industry. Although the State is diversifying  
3 into other industries, it is important to maintain stability for  
4 tourism as an economic driver. The legislature also finds that  
5 it is in the State's interest to share the cost of establishing  
6 new commercial flight routes in order to gain access to new  
7 visitor markets.

8           The purpose of this Act is to appropriate funds to  
9 reimburse costs for airlines that add a new direct flight route  
10 to Hawaii from an airport that:

- 11           (1) Does not have a direct flight route to Hawaii; and  
12           (2) Is located in an untapped visitor market.

13           SECTION 2. (a) The Hawaii tourism authority shall  
14 establish a program to reimburse principal operators of  
15 commercial airlines for costs associated with certain flight  
16 routes; provided that the operator adds a direct flight route to  
17 Hawaii from an airport that:



1 (1) As of the effective date of this Act, does not have a  
2 direct flight route to Hawaii; and

3 (2) Is located in an untapped visitor market, as certified  
4 by either the Hawaii tourism authority or department  
5 of business, economic development, and tourism.

6 (b) The amount of reimbursement shall be equal to the  
7 following percentage of costs directly associated with the  
8 operations of the flight specified in subsection (a):

9 (1) One per cent; provided that the principal operator is  
10 based in the United States or Canada; provided further  
11 that the reimbursable amount claimed per one-way  
12 flight shall not exceed \$300,000; or

13 (2) One and one-half per cent; provided that the principal  
14 operator is based in any country other than the United  
15 States or Canada; provided further that the  
16 reimbursable amount claimed per one-way flight shall  
17 not exceed \$450,000.

18 (c) For the purposes of this Act, "costs directly  
19 associated with the operations of the flight" shall include:

20 (1) Direct labor costs for the crew of the flight,  
21 including fringe costs;

22 (2) Fuel costs;



1           (3) Aircraft lease costs calculated on a pro rata basis  
2           for the time the leased aircraft is in operation  
3           between Hawaii and its point of origin that qualifies  
4           under subsection (a) for the reimbursement;

5           (4) Food, beverages, and snacks used on the flight that  
6           are not sold; and

7           (5) Costs associated with cleaning and servicing the  
8           aircraft between flights while the aircraft is in the  
9           State.

10          (d) The following costs shall not be eligible for  
11 reimbursement:

12           (1) Any taxes, landing fees, or other government imposed  
13           fees;

14           (2) Long-term maintenance costs; or

15           (3) Administrative overhead.

16          (e) The Hawaii tourism authority shall provide  
17 reimbursement for costs incurred only during the first calendar  
18 year that the principal operator commences operation of the  
19 flight route specified in subsection (a). Costs for flights  
20 into Hawaii and return flights shall be claimable under this Act  
21 and shall be calculated on a per flight basis.



1 (f) Prior to commencing operation of the flight route  
2 specified in subsection (a), the principal operator shall file  
3 the following with the Hawaii tourism authority:

4 (1) Certification of the flight route under subsection  
5 (a) (2); and

6 (2) Projected costs and estimated reimbursements to be  
7 claimed per year.

8 (g) The Hawaii tourism authority shall not provide  
9 reimbursement for costs incurred on flight routes that:

10 (1) Continue to a destination other than the airport  
11 designated in subsection (a); or

12 (2) Have been announced or commenced operation prior to  
13 the effective date of this Act.

14 (h) The Hawaii tourism authority shall prepare any forms  
15 that may be necessary to submit a claim for reimbursement under  
16 this Act. The Hawaii tourism authority may also require the  
17 principal operator to furnish information to ascertain the  
18 validity of the claim for reimbursement made under this Act and  
19 may adopt rules necessary to effectuate the purposes of this Act  
20 pursuant to chapter 91, Hawaii Revised Statutes.

21 (i) Claims for reimbursement under this Act, including any  
22 amended claims thereof, shall be filed on or before the end of





# H.B. NO. 2308

**Report Title:**

Airlines; Hawaii Tourism Authority; Reimbursement Program;  
Appropriation

**Description:**

Establishes and appropriates funds for a reimbursement program for airlines that add a new direct flight route to Hawaii. Sunsets 12/31/13.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

