
A BILL FOR AN ACT

RELATING TO AIRPORT CONCESSIONS.

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

1 SECTION 1. Due to Transportation Security Administration
2 regulations which greatly restrict the ability of passengers to
3 bring liquid through airport security, it is imperative that
4 consumers be given the option to purchase bottled water at the
5 airport at a reasonable price. In Hawaii's airports, the
6 pricing of goods and services is often far higher than what is
7 charged for the same goods and services in areas outside of the
8 airport. However, eighteen of the nation's twenty-one busiest
9 airports have set pricing policies for various items sold at
10 their facilities, requiring items to be sold at prices that do
11 not exceed a specific percentage of the street price for that
12 item.

13 The purpose of this Act is to require the price of bottled
14 water sold by an airport concession to be the average price of
15 bottled water offered for sale to the public elsewhere in the
16 same county without precluding that product from being sold at a
17 price lower than the average price.



1 SECTION 2. Section 261-7, Hawaii Revised Statutes, is
2 amended by amending subsections (b) and (c) to read as follows:

3 "(b) Except as otherwise provided in this section, in each
4 case mentioned in subsection (a)(1), (2), (3), and (4), the
5 department may establish the terms and conditions of the
6 contract, lease, license, or other arrangement, and may fix the
7 charges, rentals, or fees for the privileges, services, or
8 things granted, conferred, or made available, for the purpose of
9 meeting the expenditures of the statewide system of airports set
10 forth in section 261-5(a), which includes expenditures for
11 capital improvement projects approved by the legislature.

12 [~~Such~~] These charges shall be reasonable and uniform for the
13 same class of privilege, service, or thing[-]; provided that
14 each contract, lease, license, or other arrangement for an
15 airport concession at public airports shall contain a clause
16 that the price of bottled water offered for sale at an airport
17 concession shall be the average price of bottled water offered
18 for sale to the public elsewhere outside the airport concession
19 in the same county but does not preclude bottled water from
20 being offered for sale at a price lower than the average price
21 of bottled water. For purposes of this subsection, "average
22 price" means the range of prices of bottled water varying within



1 five per cent above the mean price of bottled water within a
2 county.

3 (c) The department shall enter into a contract with no
4 more than one person ("contractor") for the sale and delivery of
5 in-bond merchandise at Honolulu International Airport, in the
6 manner provided by law[-]; provided that the contract shall
7 contain a clause that the price of each in-bond bottled water
8 offered for sale at an in-bond merchandise commercial facility
9 inside the airport shall be the average price of bottled water
10 not in-bond that is offered for sale to the public elsewhere in
11 the same county but does not preclude bottled water from being
12 offered for sale at a price lower than the average price of
13 bottled water. For purposes of this subsection, "average price"
14 means the range of prices of bottled water varying within five
15 per cent above the mean price of bottled water within a county.

16 The contract shall confer the right to operate and maintain
17 commercial facilities within the airport for the sale of in-bond
18 merchandise and the right to deliver to the airport in-bond
19 merchandise for sale to departing foreign-bound passengers.

20 The department shall grant the contract pursuant to the
21 laws of this State and may take into consideration:



1 (1) The payment to be made on in-bond merchandise sold at
2 Honolulu International Airport and on in-bond
3 merchandise displayed or sold elsewhere in the State
4 and delivered to the airport;

5 (2) The ability of the applicant to comply with all
6 federal and state rules and regulations concerning the
7 sale and delivery of in-bond merchandise; and

8 (3) The reputation, experience, and financial capability
9 of the applicant.

10 The department shall actively supervise the operation of
11 the contractor to insure its effectiveness. The department
12 shall develop and implement such guidelines as it may find
13 necessary and proper to actively supervise the operations of the
14 contractor, and shall include guidelines relating to the
15 department's review of the reasonableness of contractor's price
16 schedules, quality of merchandise, merchandise assortment,
17 operations, and service to customers.

18 Apart from the contract described in this subsection, the
19 department shall confer no right upon nor suffer nor allow any
20 person to offer to sell, sell, or deliver in-bond merchandise at
21 Honolulu International Airport; provided that this section shall



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1 not prohibit the delivery of in-bond merchandise as cargo to
2 [the] Honolulu International Airport."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2012.

6

INTRODUCED BY:

JAN 25 2012



Report Title:

Airport Concessions; Price Controls; Bottled Water

Description:

Requires the price of bottled water offered for sale by an airport concession to be at the average price of bottled water offered for sale to the public elsewhere in the same county but does not preclude bottled water from being offered for sale at a price lower than the average price. Defines "average price" as the range of prices of bottled water varying within five per cent above the mean price of bottled water within a county. Provides similar requirements for Duty-Free shops at Honolulu International Airport. Effective July 1, 2012.

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

