

Honolulu, Hawaii

March 15, 2012

RE: S.B. No. 2874  
S.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2874, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AIRPORT REVENUE,"

begs leave to report as follows:

The purpose of this measure is to assist the Department of Transportation in addressing its operational needs at Hawaii's airports by providing more flexibility in renting land and facilities at Hawaii's airports for revenue generation purposes.

The Department of Transportation testified in support of this measure. The Airlines Committee of Hawaii testified in support of the intent of this measure. The Office of Hawaiian Affairs provided comments.

The State's airport system is required to be economically self-supporting under both Hawaii law and federal regulations. To meet this requirement, the Department of Transportation relies on revenue from airline operations, facility and space rental from aeronautical and airport-related users, revenues from concessions, and, to a very small extent, facility and space rentals from non-aeronautical or non-airport-related users.

Due to the events of September 11, 2001, and the worldwide economic downturn over the past few years, Hawaii's airports have experienced a steady decline in concession revenue. While



revenues from landing fees, aeronautical and airport-related rentals, and non-aeronautical rentals have increased and have helped offset the decline in concession revenues, recent upheavals in the airline industry, including airline closures and mergers, have reduced the overall amount of real estate rented by the airlines at Hawaii's airports. Allowing lands that are not immediately needed for aeronautics purposes to be rented to non-aeronautical entities will allow Hawaii's airport system to generate much needed revenue from lands that would have otherwise remained vacant and unproductive.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2874, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Water, Land, & Ocean Resources.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,



JOSEPH M. SOUKI, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 1015-12

**Record of Votes of the Committee on Transportation**

<b>Bill/Resolution No.:</b> SB 2874, SD1	<b>Committee Referral:</b> TRN, WLO, FIN	<b>Date:</b> 3/12/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>TRN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. SOUKI, Joseph M. (C)	/			
2. ICHIYAMA, Linda (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
<del>7. OKAMURA, Tom</del>				
8. SAIKI, Scott K.				✓
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. FONTAINE, George R.	/			
12. JOHANSON, Aaron Ling	/			
<b>TOTAL (12)</b>	10			1
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> <i>Linda Ichiyama</i>				
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