

STAND. COM. REP. NO. 2119

Honolulu, Hawaii

FEB 13 2012

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

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Transportation and International Affairs,  
to which was referred S.B. No. 2874 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to provide the Department of Transportation with more options to generate revenue from non-aeronautical users of airport property.

Your Committee received testimony in support of this measure from the Department of Transportation. Comments were received from the Office of Hawaiian Affairs and the Airlines Committee of Hawaii.

Your Committee finds that 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. The smallest of the revenue generators is by far non-aeronautical rentals. However, the non-aeronautical revenue segment could be increased, without changing the nature of airports, by allowing additional flexibility in contracting with such users. Increasing the opportunities for revenue generation at airports from non-aeronautical users is essential to the maintenance of a healthy and self-supporting airport system.

Your Committee has amended this measure by:

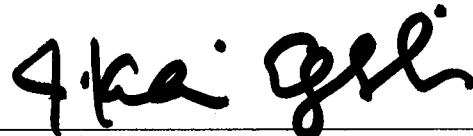
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- (1) Deleting language in existing law that requires leases to contain a clause allowing repossession of the property by the Department of Transportation when needed for aeronautics purposes, as this has caused difficulty for some airport tenants in getting financing;
- (2) Changing the effective date to June 29, 2012, to perpetuate the amendments made to section 261-7(a), Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2874, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation and  
International Affairs,



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J. KALANI ENGLISH, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Transportation and International Affairs**  
**TIA**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2874	TIA, WAM	2/8/12
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310
<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
	Nay	Excused
ENGLISH, J. Kalani (C)	✓	
ESPERO, Will (VC)	✓	
DELA CRUZ, Donovan M.		✓
GABBARD, Mike	✓	
KAHELE, Gilbert	✓	
KOUCHI, Ronald D.	✓	
SLOM, Sam		✓
<b>TOTAL</b>	<b>5</b>	<b>2</b>
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
<i>Will Espero</i>		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

\*Only one measure per Record of Votes