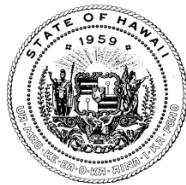


NEIL ABERCROMBIE
GOVERNOR



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

IN REPLY REFER TO:

February 21, 2012

S.B. 2874, S.D.1
RELATING TO AIRPORT REVENUE

SENATE COMMITTEE ON WAYS AND MEANS

The Department of Transportation supports this Administration bill as amended. It will help provide the airports with additional revenue generating potential to meet the statutory requirements to be economically self supporting.

The Department notes however, that there are other bills being considered that would amend Act 104 to change the date of the reenactment of Section 261-7, Hawaii Revised Statutes.

Thank you for the opportunity to provide testimony.





SB 2874, SD1
RELATING TO AIRPORT REVENUE
Senate Committee on Ways and Means

February 23, 2012

9:00 a.m.

Room 211

The Office of Hawaiian Affairs (OHA) provides the following comments on SB2874, SD1, which would authorize the Department of Transportation to lease public land for non-aeronautical, revenue generation purposes by negotiation without public notice for a term of up to 35 years.

The Admission Act section 5(f) created the public land trust, pursuant to which certain land and the proceeds or income from the disposition of that land are to be held by the State of Hawai'i for five public purposes, including the betterment of the conditions of native Hawaiians. The majority of the state's airports are situated on public trust land.

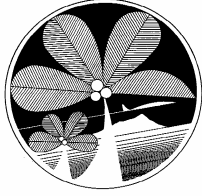
Section 5(f) of the Admission Act, Article XII of the Hawai'i Constitution, Chapter 10 of the Hawai'i Revised Statutes, Act 178 (2006), and Executive Order 06-06 impose trust obligations with respect to the public land trust on all state agencies. Act 178 sets OHA's interim share of public land trust revenues at \$15.1 million per year. Executive Order 06-06 requires state agencies to transfer 20 percent of the revenues generated from their use of public trust land in order to meet OHA's annual \$15.1 million public land trust payment.

To ensure these obligations are satisfied, we ask that the following provision be added to Section 3:

Nothing in this section shall diminish the revenues owed to the Office of Hawaiian Affairs pursuant to Act 178, session laws of Hawaii 2006, or any other law providing for the Office of Hawaiian Affairs' pro rata portion of the public land trust, pursuant to article XII, section 6, of Hawaii's constitution.

Mahalo for the opportunity to testify on this important measure.

AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport
300 Rodgers Blvd., #62
Honolulu, Hawaii 96819-1832
Phone (808) 838-0011
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February 23, 2012

Honorable David Ige, Chair
Honorable Michelle Kidani, Vice Chair
Senate Committee on Ways and Means
Hawaii State Capitol, Honolulu, HI 96813

**Re: SB 2874 SD1– Relating to Airport Revenue – Support Intent
Hawaii State Capitol, Room 211 – 9:00 a.m.**

Aloha Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Airlines Committee of Hawaii* (ACH), which is made up of 20 signatory air carriers that underwrite the State Airport System supports the intent of SB 2874 SD1 – Relating to Airport Revenue, which expresses the desire to increase the flexibility and marketability in the disposition of airport lands, with the ultimate objective of maximizing the amount of non-aeronautical rent to the Department of Transportation – Airports Division (DOT-A).

Currently, the DOT-A is limited from directly negotiating a long-term lease with non-aeronautical tenants, resulting in short term leases with minimal investments by the tenants, and materially lower rental income to the DOT-A. Due to the self-sustaining requirement of the airports system and the residual obligation of the signatory air carriers, the ACH commends and supports the DOT-A in their pursuit of maximizing the revenue streams from their land, buildings and other assets. This business-like mindset will help to ensure a financially stable airports system, which is critical for the air carriers as well as the state economy.

As always, we are grateful for the opportunity to provide input on this matter.

Sincerely,

Blaine Miyasato
ACH Co-chair

Matthew Shelby
ACH Co-chair

**ACH members are Air Canada, Air New Zealand, Air Pacific, Alaska Airlines, All Nippon Airways, American Airlines, China Airlines, Continental Airlines, Delta Air Lines, Federal Express, go! Mokulele, Hawaiian Airlines, Japan Airlines, Korean Air, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, US Airways, and Westjet.*