



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

IN REPLY REFER TO:

LATE

February 16, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 333 SD 1

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

The Department of Transportation (DOT) opposes this bill.

The Department of Transportation (DOT) recommends that the State mandated 1% of capital improvement construction appropriation contributed by the DOT's Airports Division to the Hawaii Historic Preservation special fund be solely used to enhance airport facilities. This policy is consistent with the Federal Aviation Administration's regulation that airport revenue be used for the benefit of airport facilities and its users; otherwise other uses are considered a "revenue diversion."

A "revenue diversion," is a violation of the Federal Aviation Administration's regulations and jeopardizes the Airports Division's ability to participate in the Federal Aviation Administration's Airport Improvement Program that provides millions of dollars in grant funds for capital improvement projects.

Federal law prohibits the use of airport revenue for expenses unrelated to the capital and operating costs of the airport, the airport system, or facilities devoted to air transportation. Additionally, the DOT-Airports Division has executed grant agreements to construct airport facilities with federal funds. All grant agreements mandate that airport revenue be expended only for capital or operating costs of the airport that are directly and substantially related to the actual air transportation of passengers or property.

Furthermore, the 1% mandate contribution significantly impairs the Department's ability to carry out any of our capital improvement programs, repair and maintenance of our transportation facilities, and may further affect our bond ratings. We would need to re-evaluate our priorities, eliminate projects, and consider further increasing user fees to finance the capital program.

Although the DOT appreciates Hawaii historic preservation, we feel that our contribution to general fund programs are more than substantial and mandating one percent of all state fund appropriations for the construction of our capital improvement program only impairs our ability to maintain our mission of providing safe, secure, and economical movement of people, good, and services by efficiently providing and operating transportation facilities.