

STAND. COM. REP. NO.

1524

Honolulu, Hawaii

APR 12 2013

RE: S.C.R. No. 121

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred
S.C.R. No. 121 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING HAWAII'S
CONGRESSIONAL DELEGATION TO PROPOSE AMENDMENTS TO THE AIRLINE
DEREGULATION ACT TO EXEMPT HAWAII FROM THE UNITED STATES'
PREEMPTION OF STATE ECONOMIC REGULATION OF INTERSTATE AIR
TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to seek an exemption from
federal law to ensure stable and continuing airline service
throughout the State.

Specifically, this measure requests Hawaii's congressional
delegation to propose amendments to the federal Airline
Deregulation Act to exempt Hawaii from federal preemption of state
regulation of air transportation.

Your Committee finds that the Airline Deregulation Act of
1978 was enacted to promote market competition among airlines to
foster lower prices and greater efficiency, innovation, variety,
and service quality. To ensure that the states would not enact
laws undermining federal deregulation, the Airline Deregulation
Act included a preemption provision, codified in Title 49 United
States Code Section 41713(b)(1), prohibiting states and their
political subdivisions from enacting or enforcing any law
affecting air carrier rates, routes, or services. However,
preemption under the federal Act does not apply to air
transportation provided entirely in Alaska because of a specific

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statutory exemption granted to Alaska. This measure requests Hawaii's congressional delegation to propose an amendment to the Airline Deregulation Act that would allow the State to limit monopoly pricing and ensure service to less profitable air routes, particularly in light of the significant use of airlines for interisland transportation and the relative lack of competition among interisland air carriers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 121 and recommends its adoption.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



