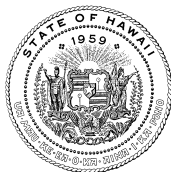


DAVID Y. IGE  
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA  
DIRECTOR

RODERICK K. BECKER  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150

HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

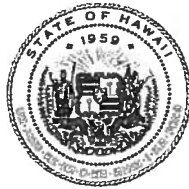
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 3072, S.D. 1

February 25, 2016  
1:00 p.m.

RELATING TO AN AIRPORT AUTHORITY

Senate Bill No. 3072, S.D. 1, proposes to establish the Hawaii Airport Authority (HAA) which shall be a body politic and corporate, constituting a public instrumentality and a special political subdivision of the State, created for the performance of an essential public and government function, as provided in the bill. The authority shall be established and operate as an independent subdivision of the State and shall not be construed to be a department, institution, or agency of the State. To accomplish this task, the measure transfers the jurisdiction over aeronautics and airports, including airport functions under the Department of Transportation's (DOT) Airports Division, to the HAA on July 1, 2018. The bill also provides an unspecified general fund appropriation for Fiscal Year 2016-2017 for the implementation and operation of the HAA.

The Department of Budget and Finance strongly opposes this measure. DOT is currently in the process of exploring the feasibility of establishing an airport authority. This feasibility study has not been completed, nor has any follow-up analysis been conducted of the benefits and challenges of establishing such an authority. Considering the complexity and magnitude of the operations of the State's airports, it would be prudent to review the airports authority feasibility study first, then determine the best course of action for the State.



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

February 25, 2016  
1:00 p.m.  
State Capitol, Room 211

**S.B. 3072, S.D. 1  
RELATING TO AN AIRPORT AUTHORITY**

Senate Committee on Ways and Means

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The Department of Transportation (DOT) **strongly supports** S.B. 3072, S.D. 1 and appreciates the recommendations by the standing committee on Senate Draft 1 which clarifies and strengthens the attributes for the Hawaii Airport Authority to be fully effective by outlining 10 objectives:

1. Increasing security for the State;
2. Providing an appropriate forum for all affected interests;
3. Increasing efficiency in land use and related lease processes;
4. Improving administrative efficiency by streamlining administrative processes;
5. Coordinating environmental issues affecting the airports, particularly relating to alien invasive species. As an airport authority it will be able to oversee everything that enters the State by air, thereby allowing that entity to serve as the agency responsible for comprehensive alien invasive species protection and control;
6. Increasing economic opportunities for the State in collaboration with the Hawaii Tourism Authority;
7. Making possible more responsive planning;
8. Increasing financial flexibility;
9. Increasing responsiveness to customer needs and economic demands; and
10. Improving the efficiency and expedience of the airports capital improvement program implementation.

The DOT believes the Hawaii airport authority would benefit the State of Hawaii with one jurisdiction having overall authority to efficiently manage and allocate statewide resources, as appropriate, to improve the airport facilities and operations.

Hawaii's airports operate as an enterprise and have never required general funds to operate and implement their programs. As such, the DOT request that Section 12 be removed from the bill as passage of this important bill will require no general funds as

Testimony by:  
FORD N. FUCHIGAMI  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN  
DARRELL T. YOUNG

IN REPLY REFER TO:

all appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the department of transportation relating to the functions transferred to the Hawaii airport authority shall be transferred with the functions to which they relate. In addition, the Hawaii airport authority shall reimburse the appropriate State agencies for all costs incurred by such designation.

Thank you for the opportunity to provide testimony.



**SB3072 SD1**  
**RELATING TO AN AIRPORT AUTHORITY**  
Senate Committee on Ways and Means

February 25, 2016

1:00 p.m.

Room 211

The Beneficiary Advocacy and Empowerment Committee of the Office of Hawaiian Affairs (OHA) will recommend to the OHA Board of Trustees a position of **COMMENT** on SB3072 SD1, which proposes to establish the Hawai‘i Airport Authority, to provide coordinated planning, operations, and development of the State’s airports and aeronautical facilities.

OHA appreciates the intent of establishing a Hawai‘i Airport Authority (Authority). However, OHA notes that the wording of this measure leaves unclear the legal nature and status of the proposed Authority, in a manner that could affect the rights of OHA and our Native Hawaiian beneficiaries.

Section -2 of the measure variously describes the new Authority as:

- a “body politic and corporate”;
- a “public instrumentality”;
- a “special subdivision of the State”;
- “not . . . a department, institution, or agency of the State”; and
- an “independent subdivision of the State.”

These varying descriptions raise questions regarding whether key laws of great importance to Native Hawaiians would apply to the Authority. These laws include, for example, Act 178, Session Laws of Hawai‘i 2006, which imposes strict public land trust revenue accounting requirements on state departments and agencies that use or manage public lands. Another example is Chapter 171, Hawai‘i Revised Statutes, which contains numerous provisions on the disposition of public lands, including the requirement that legislative approval be obtained prior to the sale or gift of state lands. See HRS §171-64.7. Should this measure move forward, OHA urges the Committee to ensure that such laws be made clearly applicable to the Authority in its administration and disposition of lands under its control.

Mahalo for the opportunity to testify on this measure.



TESTIMONY OF HAWAIIAN AIRLINES ON SB 3072 SD1 Relating to an Airport Authority

Senate Committee on Ways and Means

DATE: Thursday, February 25, 2016

TIME: 1:00 pm

PLACE: State Capitol, Room 211

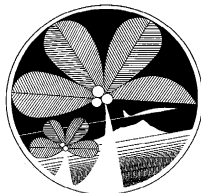
Aloha Chairwoman Tokuda, Vice Chairman Dela Cruz and members of the Senate Committee on Ways and Means,

Hawaiian Airlines welcomes the opportunity to testify *in support* of S.B. 3072, SD1 Relating to an Airport Authority. As noted in the bill's preamble: the economic well-being of the State depends in part on the efficient use of all of its air transportation resources. We believe placing the authority for the oversight, operation, maintenance and long-term planning of Hawai'i's airports under an Airport Authority will achieve the efficiencies needed to offer a world-class experience to travelers to and between our Islands.

We respectfully ask the committee to advance this bill for further discussion.

Ann Botticelli  
SVP Corporate Communications and Public Affairs  
Hawaiian Airlines

## AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport  
300 Rodgers Blvd., #62  
Honolulu, Hawaii 96819-1832  
Phone (808) 838-0011  
Fax (808) 838-0231

February 25, 2016

Honorable Jill Tokuda, Chair  
Honorable Donovan Dela Cruz, Vice Chair  
Senate Committee on Ways and Means

**Re: SB 3072 SD1 – RELATING TO AN AIRPORT AUTHORITY - SUPPORT**  
Conference Room 211 – 1:00 PM

Aloha Chair Tokuda, Vice Chair Dela Cruz 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 appreciates the opportunity to offer testimony supporting SB 3072 SD1.

This measure establishes the Airport Authority under the Hawaii State Department of Transportation.

The ACH is in strong support of a Hawaii Airport Authority, and is grateful the legislature recognizes the need for a single entity with overall consolidated jurisdiction.

Thank you for the opportunity to submit testimony.

Sincerely,

Blaine Miyasato  
ACH Co-chair

Turner Maynor  
ACH Interim Co-chair

*\*ACH members are Air Canada, Air New Zealand, Alaska Airlines, All Nippon Airways/Air Japan, Aloha Air Cargo, American Airlines, China Airlines, Delta Air Lines, Federal Express, Fiji Airways, Hawaiian Airlines, Island Air, Japan Airlines, Korean Air, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, Virgin America and WestJet.*

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [gm@napilikai.com](mailto:gm@napilikai.com)  
**Subject:** Submitted testimony for SB3072 on Feb 25, 2016 13:00PM  
**Date:** Wednesday, February 24, 2016 2:07:03 PM

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**SB3072**

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 13:00PM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gregg Nelson	Napili Kai Beach Resort	Support	No

Comments: Dear WAM Chair Tokuda and Committee members, I am a resort operator on Maui and a member of the Maui Visitor's Bureau Board and Maui Hotel and Lodging Association Board. I am in total support of SB3072 and the creation of the Hawaii Airport Authority. This is long overdue and I hope this committee will give it a positive review and approval very soon. Mahalo Gregg Nelson

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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# *Maui Hotel & Lodging*

ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

on

SB 3072

**Relating To An Airport Authority**

COMMITTEE ON WAYS AND MEANS

**Thursday, February 25, 2016, 1pm**

**Conference Room 211**

Dear Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is in support of SB 3072, which establishes the Hawaii airport authority. Sets out appointment of members to the board of directors of the Hawaii airport authority. Sets out powers and duties of the Hawaii airport authority. Transfers the aeronautics functions of DOT to the Hawaii airport authority beginning July 1, 2018.

MHLA believes that this measure could facilitate the completion of long-needed airport improvement and also create a platform for integrated planning that will greatly benefit the traveling public. There are over 40 airport authorities on the mainland that recognize the importance of their airports as playing a key role and economic engine for their community. As an Island State, Hawaii clearly needs one as well.

The first and last impressions of our visitors occur at our airports. The hospitality industry's continued progress is very dependent on the quality of our airports. It is vital that we improve upon the service, infrastructure, and overall development of such a vital entity. We support the airport authority as a single entity to overlook our airport's planning, management, marketing and development.

We respectfully request you consider passing SB 3072. Thank you for the opportunity to testify.





**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

Testimony of

Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Committee on:  
Ways and Means  
February 25, 2016

Senate Bill 3072 SD1: Relating to an Airport Authority

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee on Ways and Means:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we support Senate Bill 3072 SD1 which would establish the Hawai'i airport authority.

The Department of Transportation is a very large state department which is responsible for our roads, harbors, and airports. Given the importance of the state's airports to our hospitality industry, we fully support the establishment of a state airport authority. The authority would give a laser-like focus to the operations, demands, and improvements of our airports, and would allow for a quicker and more efficient job.

The first and last impressions of our visitors and locals occur at the airport. The hospitality industry's continued progress is very dependent on the quality provided by our airports; so it is vital that we improve upon the service, infrastructure, and overall development of such a vital entity. It is imperative that we keep our airports at the forefront of our state and not ignore the importance of initiatives such as the funding and implementation of the airport modernization project. We support the airport authority as a single entity to overlook our airport's planning, management, marketing and development; all under one umbrella.

For these reasons we support Senate Bill 3072.

Mahalo.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [owen@hawaii.edu](mailto:owen@hawaii.edu)  
**Subject:** \*Submitted testimony for SB3072 on Feb 25, 2016 13:00PM\*  
**Date:** Wednesday, February 24, 2016 10:39:29 AM

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**SB3072**

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 13:00PM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Owen Miyamoto	American Society of Civil Engineers	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Activities & Attractions Association of Hawaii  
PO Box 598, Makawao, Hawaii 96768  
(808)871-7947 Main (808)877-3104 Fax

**Testimony to the**  
**COMMITTEE ON WAYS AND MEANS**  
Senator Jill N. Tokuda, Chair  
Senator Donovan M. Dela Cruz, Vice Chair

**Thursday, February 25, 2016, 1:00 pm**  
**Conference Room 211**

**RE: Support SB3072.SD1 RELATING TO AIRPORT AUTHORITY**

Aloha Chair Senator Tokuda and Vice Chair Senator Dela Cruz & Members of the committee;

Mahalo for this opportunity to testify, my name is Toni Marie Davis. For the last 18 years it has been my honor to serve the Activity & Attraction industry of Hawaii through my position as the Executive Director of A3H (Activities & Attractions Association of Hawaii). A3H represents nearly 200 businesses statewide. Our members range in size from very large (over 300 employees) to very small (1-2 employees). **A3H SUPPORTS SB3072.SD1 as written.**

As the saying goes, "You never get a second chance to make a first impression". Our State's main economic engine is the Visitor Industry. The first impression of our state happens at the airport. Every touch point of a visitor's experience should be impeccable. To remain a world class visitor destination, our goal should be to have the airport experience mirror the hotel experience. Today these two are worlds apart. Kauai, Maui and Hawaii Island's airports are in need of basic repair and quality maintenance. Next time you fly in or out of these airports, take a good look around. Note the condition of the ceilings, bathrooms, floors, carpets, windows, seats, flight monitors, etc... I flew into Sacramento, CA airport over the summer. It was impressive and immaculately clean.....Sacramento, CA.

In the US, only two other States, Alaska and Washington airports are owned and operated by government departments, like Hawaii. The reason is productive efficiency and profitability. The state's management is the root cause. So spread out and inefficient currently. Bringing the management to a Port Authority should provide the ability to properly maintain, hire, train staff, increase revenues and improve the cleanliness and beauty of the facility. Thank you again for the opportunity to testify.

Sincerely,

Toni Marie Davis  
Executive Director