

STAND. COM. REP. NO.

2154

Honolulu, Hawaii

FEB 09 2018

RE: S.B. No. 2996
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 2996 entitled:

"A BILL FOR AN ACT RELATING TO AN AIRPORTS CORPORATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish within the Department of Transportation for administrative purposes, a separate Hawaii Airports Corporation that is responsible for managing and operating the State's airports and aeronautical facilities, and is managed by a chief executive officer and board of directors.

Your Committee received testimony in support of this measure from the Office of the Governor, Department of Transportation, Hawaii Tourism Authority, Maui County Council, Hawaii Lodging and Tourism Association, Kohala Coast Resort Association, Waikiki Improvement Association, Enterprise Holdings, Airport Concessionaires Committee, Kona-Kohala Chamber of Commerce, Building Industry Association of Hawaii, Hawaiian Airlines, Airlines Committee of Hawaii, Maui Hotel and Lodging Association, Chamber of Commerce Hawaii, Fairmont Orchid, Hawaii Business Roundtable, American Council of Engineering Companies, Pulama Lanai, Waikiki Resort Hotel, and twenty-two individuals. Your Committee received testimony in opposition to this measure from the Office of Hawaiian Affairs; American Institute of Architects; United Public Workers, Local 646, AFL-CIO; Hawaii Section American



Society of Civil Engineers; and two individuals. Your Committee received comments on this measure from the Department of the Attorney General; State of Hawaii Procurement Office; Subcontractors Association of Hawaii; Painting Industry of Hawaii Labor Management Cooperation Trust Fund; Hawaii Tapers Market Recovery Trust Fund; Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889; AFL-CIO Stabilization Trust Fund; Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund; and one individual.

Your Committee finds that the airports have long suffered from having its responsibilities divided up among multiple departments and agencies which sometimes have conflicting goals and priorities. Your Committee believes that a separate Airports Corporation, managed by a chief executive officer and a board of directors, will be better suited to operate the airports and will follow what other states are doing with their airports. Your Committee notes that this transition will be done without the use of taxpayer dollars.

However, your Committee notes that there are concerns with this measure as currently written, including:

- (1) The fiduciary obligations of the State in ensuring ceded lands are productive and maximizing the benefits for Native Hawaiian and public beneficiaries;
- (2) The procurement process the Airports Corporation will have in place and whether the process will encourage competition and prevent irregularities, favoritism, collusion, and fraud; and
- (3) Whether the Airports Corporation can satisfy its responsibilities with regard to bonds, certificates, and obligations.

Your Committee has amended this measure by:

- (1) Adding language to require that in an invitation for bid, the Hawaii Airports Corporation shall require all bids to identify any joint contractor or subcontractor and the nature and scope of work to be performed;



provided that bids that do not meet this requirement may still be accepted if certain criteria are met;

- (2) Including language requiring the Hawaii Airports Corporation to provide an annual accounting of all receipts from land described in section 5(f) of the Admission Act and clarifying that lands to which the Hawaii Airports Corporation holds title are "public lands" under chapter 171, Hawaii Revised Statutes, for that purpose;
- (3) Clarifying that the Hawaii Airports Corporation is authorized to enter into financing agreements described in chapter 37D, Hawaii Revised Statutes;
- (4) Upon the recommendation of the Department of the Attorney General, inserting language as recommended from the bond counsel, to assure that certain obligations are met with regard to certain Department of Transportation revenue bonds, special facility revenue bonds, and certificates of participation, as well as adding language to clarify that certain obligations of the Department of Transportation remain enforceable against the Department of Transportation until the Hawaii Airports Corporation has assumed the operations and assets necessary to satisfy those obligations;
- (5) Clarifying that monies in the passenger facility charge special fund and rental motor vehicle customer facility charge special fund may also be held outside of the state treasury;
- (6) Upon the recommendation of the Department of the Attorney General, adding language to recognize that the Hawaii Airports Corporation's operating and capital improvement budgets, as well as the source of bond funding, may come from multiple means or sources;
- (7) Upon the recommendation of the Department of the Attorney, deleting duplicative language in section 16 relating civil service positions as almost identical language is found in section 20; and



- (8) 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 Energy that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2996, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2996, S.D. 1, and be referred to your Committee on Ways and Means.

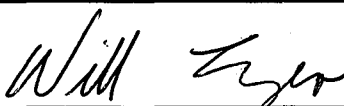
Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Energy,


LORRAINE R. IMOUYE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* SB 2996	Committee Referral: TRE, WAM	Date: 1-31-2018		
<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
INOUE, Lorraine R. (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✗
HARIMOTO, Breene	W	✓		
SHIMABUKURO, Maile S.L.	/			
TOTAL	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes