

STAND. COM. REP. NO.

1369

Honolulu, Hawaii

MAR 15 , 2019

RE: S.B. No. 666
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 666, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Hawaii Airports Corporation (HAC), which shall assume all of the authority, powers, functions, duties, and responsibilities of the Department of Transportation related to airports and aeronautics;
- (2) Exempt the HAC from the state procurement code provided that it adopt internal rules regarding certain aspects of procurement; and
- (3) Require the Auditor to conduct management and financial audits of the HAC every two years, beginning in 2023.

The Office of the Governor, Department of Transportation, Department of Public Safety, University of Hawai'i System, Hawai'i Tourism Authority, Kohala Coast Resort Association, Maui Hotel & Lodging Association, Bank of Hawaii, Enterprise Holdings, Chamber of Commerce Hawaii, Maui Chamber of Commerce, Airlines Committee

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of Hawaii, Airport Concessionaires Committee, General Contractors Association of Hawaii, Hawaiian Airlines, Hawai'i Pacific Health, Aircraft Owners and Pilots Association, Building Industry Association of Hawaii, and two individuals testified in support of this measure. The Subcontractors Association of Hawaii, UNITE HERE Local 5, Electrical Contractor's Association of Hawai'i, Plumbers and Fitters UA Local 675, International Union of Painters and Allied Trades District Council 50, and several individuals testified in opposition to this measure. The Department of Land and Natural Resources, Department of the Attorney General, State Procurement Office, Office of the Auditor, Office of Hawaiian Affairs, League of Women Voters, Plumbing and Mechanical Contractors Association of Hawaii, Ironworkers Stabilization Fund, Hawai'i Construction Alliance, and Hawaii Chapter of Sheet Metal & Air Conditioning Contractor's National Association provided comments on this measure.

Your Committee has amended this measure by:

- (1) Making the HAC subject to Chapter 103D, Hawaii Revised Statutes, and removing substantive language authorizing the HAC to develop an internal procurement system;
- (2) Making the HAC subject to Chapter 104, Hawaii Revised Statutes, and inserting language requiring labor peace;
- (3) Removing language authorizing the Governor to appropriate a lump sum for the HAC's budget and making the HAC subject to the legislative budget process;
- (4) Requiring the HAC to set rates and determine costs using the residual method;
- (5) Making the HAC board and CEO subject to public financial disclosure statutes;
- (6) Inserting new language relating to worker retention requirements; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your



Committee is in accord with the intent and purpose of S.B. No. 666, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 666, S.D. 2, H.D. 1, and be referred to your Committee on Labor & Public Employment.

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



HENRY J.C. AQUINO, Chair



