

JAN 22 2010

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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that although car rental  
2 concessions at Hawaii's public airports contribute over  
3 \$30,000,000 a year in concession revenues to support Hawaii's  
4 public airports, the legislature in 2008 recognized that no  
5 facility improvements to those concessions would be made given  
6 other airport priorities as to the use of the funds. Thus, in  
7 spite of years of discussions, the facilities over time have  
8 deteriorated and have not kept pace with car-rental facilities  
9 and services provided to visitors and residents at other public  
10 airports across the United States.

11           As a result the legislature in 2008 passed Act 226, which  
12 established a car-rental-facilities-charge program similar to  
13 programs at more than seventy-five other airports across the  
14 United States. The Act initially established a car-rental-  
15 facility charge of \$1 per day and initially appropriated  
16 \$10,000,000 for planning, design, and some improvements.  
17 Recognizing the importance of the program to Hawaii's  
18 construction industry and economy, the legislature required the



1 department of transportation to provide annual reports and  
2 timelines to ensure the "fast-tracking" of the facility projects  
3 and services.

4 The department has sought to fast-track the program in  
5 keeping with the legislative directive and, with the assistance  
6 of planners, designers, and other consultants, has completed  
7 initial designs and plans for the state-wide program. The goal  
8 of this Act is continue the fast-tracking by:

- 9 (1) Taking the program to the next level by increasing the  
10 car-rental-facility charge to \$4.50 daily as  
11 recommended by consultants; and
- 12 (2) Making further appropriations to support the program  
13 including but not limited to the construction of a  
14 \$230,000,000 consolidated-facility at Honolulu  
15 International Airport and an overflow storage facility  
16 at Kahului airport.

17 According to reports prepared by consultants, the increased  
18 charge of \$1 daily to \$4.50 daily is expected to fund the  
19 planned state-wide program with no anticipated future increases.  
20 This fee and one-time step up is comparable to similar charges  
21 and programs at other airports. Delayed generation of revenues



1 by stepping up such charges as proposed could likely result in  
2 the fee rising higher than \$5 daily which must be avoided.

3 The charge of \$4.50 daily and revenues generated will  
4 strongly support both the program as well as the bonds to  
5 finance the related construction projects, which will total  
6 about \$500,000,000. It is very important that the program have  
7 strong financing and the stream of revenues to attract the  
8 buyers of the bonds during these turbulent economic times, to  
9 avoid program delays. The one-time-increased charge as opposed  
10 to stepped-up charges will also result in as much as  
11 \$300,000,000 saved in finance costs. By fast-tracking the  
12 projects, it is anticipated the program will benefit from about  
13 thirty per cent to forty per cent in construction cost savings.

14 As reported by consultants, the increased charge to \$4.50  
15 daily is expected to have no negative impact as to car-rentals  
16 at public airports or public airport revenues. Other cities and  
17 airports have studied similar concerns and repeatedly the  
18 studies have found no correlation or negative impact related to  
19 an increased charge. In fact, airports generally have seen an  
20 increase in revenues since the facilities attract car-rental  
21 companies to conduct their business at the airport.



1           The program does not require visitor and residents to rent  
2 a car at a public airport. Individuals will have the  
3 opportunity to rent vehicles from off-airport locations and  
4 thereby avoid having to pay the car-rental-facility charge. To  
5 minimize the impact to travel agents and others marketing travel  
6 packages and quoting prices, the legislature will delay  
7 implementation of the increased car-rental-facility charge until  
8 September 1, 2010.

9           While the goal of fast-tracking was to start the  
10 construction of the Honolulu International Airport facility as  
11 early as the first quarter of 2010 and thereby provide critical  
12 jobs and support for Hawaii's economy, the collection of the  
13 increase charge to \$4.50 daily has delayed the implementation of  
14 this start date as well as any related sale of bonds. Although  
15 the Act provides that the department has the discretion to raise  
16 and adjust the car-rental-facility charge to meet the program's  
17 goals notwithstanding any law to the contrary, the department  
18 recently commented that the law needs to be clarified and that  
19 it cannot increase charges without proceeding through the rules  
20 process, which could take twelve months or longer. The  
21 legislature finds that it is preferable that increased charges



1 be implemented as of September 1, 2010, to avoid further delays  
2 to the program.

3 Some of the major purposes of this Act are to continue the  
4 fast-tracking of this program and its projects, thereby  
5 providing critical jobs to Hawaii's residents and stimulating  
6 Hawaii's suffering economy by:

7 (1) Raising the initial car-rental-facility charge set by  
8 the legislature from \$1 daily to \$4.50 daily as  
9 recommended by consultants so the strength of the  
10 program can be maintained and it can benefit from  
11 various anticipated costs savings;

12 (2) Raising the initial collection ceiling of car-rental-  
13 facility charges from \$10,000,000 to about  
14 \$484,000,000 based upon consultant estimates and  
15 reports provided to date;

16 (3) Clarifying the law so that the department can adjust  
17 the car-rental-facility charge without having to  
18 establish rules, as recently reported by the  
19 department; and

20 (4) Appropriating \$301,300,000 for the program for its  
21 continued fast-tracking of projects, including the



1 construction of projects at Honolulu International  
2 Airport and and Kahului airports.

3 SECTION 2. Section 261-7, Hawaii Revised Statutes, is  
4 amended by amending subsection (h) to read as follows:

5 "(h) Notwithstanding any laws to the contrary, including  
6 but not limited to chapter 91, the department may establish,  
7 levy, assess, and collect rental motor vehicle customer facility  
8 charges, which shall be paid to the department periodically as  
9 determined by the department~~[-]~~; provided that a public  
10 informational hearing shall be held for any type of rental motor  
11 vehicle charge. These charges shall be used to pay for, or  
12 finance on a long-term basis where appropriate, the design,  
13 planning, construction, and other uses of the rental motor  
14 vehicle customer facility charges as set forth by the rental  
15 motor vehicle customer facility charge special fund in section  
16 261-5.6.

17 The rental motor vehicle customer facility charges shall be  
18 levied, assessed, and collected from all rental motor vehicle  
19 customers who benefit from the use of any type of rental motor  
20 vehicle facility or service provided by the department at a  
21 state airport.



1 All rental motor vehicle customer facility charges shall be  
2 collected by lessors as defined in section 437D-3 and who  
3 operate a car rental concession awarded by the department at a  
4 state airport; provided that customers of lessors, as defined in  
5 section 437D-3, who do not operate a car rental concession at a  
6 state airport but whose customers benefit from the use of a car  
7 rental facility or service at a state airport paid for by rental  
8 motor vehicle customer facility charges, shall collect from such  
9 car rental customers, rental motor vehicle customer facility  
10 charges in an amount determined by the department that  
11 represents a fair share of the cost and ongoing expenses  
12 relating to customer use of such a facility or service. All  
13 rental motor vehicle customer facility charges collected by such  
14 lessor shall be paid to the department.

15 Notwithstanding any law to the contrary, the department may  
16 contract the management, maintenance, and operations of the  
17 facility and related services with airport concessions or their  
18 designee that share in the use of a rental motor vehicle  
19 customer facility at a state airport."

20 SECTION 3. Act 226, Session Laws of Hawaii 2008, is  
21 amended by amending sections 9 and 10 to read as follows:



1           "SECTION 9. Notwithstanding section 7 of this Act, the  
2 department of transportation, as of September 1, [~~2008~~] 2010,  
3 shall levy, assess, and collect a rental motor vehicle customer  
4 facility charge of [~~\$1~~] \$4.50 per day, or any portion of a day  
5 that a rental motor vehicle is rented or leased, by a rental  
6 motor vehicle concession where customers pick up and return  
7 rental vehicles to a facility at a state airport as determined  
8 by the director. Moneys shall continue to be collected only  
9 until such time that the sum of [~~\$25,000,000~~] \$483,908,000 is  
10 collected and deposited into the rental motor vehicle customer  
11 facility charge special fund. The provisions of this section  
12 shall not impair, limit, or restrict the department of  
13 transportation from levying, assessing, establishing, and  
14 collecting rental motor vehicle customer facility charges as set  
15 forth in section 7 of this Act.

16           SECTION 10. There is appropriated out of the rental motor  
17 vehicle customer facility charge special fund established by  
18 section [~~261~~] 261-5.6, Hawaii Revised Statutes, the sum of  
19 \$10,000,000 or so much thereof as may be necessary for fiscal  
20 year 2008-2009 for the:





1 (1) Planning, conceptual design, and design of rental  
2 motor vehicle customer facilities at state airports  
3 and related services; and

4 (2) Planning, conceptual design, design, and improvement,  
5 pavement, lighting, construction, and fencing to an  
6 existing ground-level storage area shared by rental  
7 motor vehicle concessions at the state airport  
8 located in Kahului, Maui.

9 The sum appropriated shall be expended by the department  
10 of transportation for the purposes of this Act.

11 Any unexpended or unencumbered balance of any appropriation  
12 made by this Act as of the close of business on June 30, 2011  
13 shall lapse into the rental motor vehicle customer facility  
14 charge special fund."

15 SECTION 4. There is appropriated out of the rental motor  
16 vehicle customer facility charge special fund established by  
17 section 261-5.6, Hawaii Revised Statutes, the sum of  
18 \$291,300,000 or so much thereof as may be necessary for fiscal  
19 year 2010-2011 for the:

20 (1) Planning, design, and temporary relocation of rental  
21 motor vehicle operations and related expenses;



- 1           (2) Construction costs relating to temporary relocation
- 2           of current rental motor vehicle operations during
- 3           the construction of a consolidated facility at the
- 4           Honolulu International Airport and related expenses;
- 5           (3) Planning and design of rental motor vehicle
- 6           facilities at the Honolulu International Airport and
- 7           related expenses;
- 8           (4) Planning, design, and construction of an overflow
- 9           storage lot at Kahului Airport and related expenses;
- 10          (5) Initial planning and design of consolidated
- 11          facilities at Kahului Airport and related expenses;
- 12          (6) Statewide development and program management of a
- 13          car rental facilities program and related expenses;
- 14          and
- 15          (7) Construction of a consolidated rental motor facility
- 16          at Honolulu International Airport and related
- 17          expenses.

18           The sum appropriated shall be expended by the department  
19 of transportation for the purposes of this Act.

20           SECTION 5. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2010.

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INTRODUCED BY:

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**Report Title:**

Aeronautics; Rental Motor Vehicle Customer Facility Charge  
Special Fund

**Description:**

Raises rental motor vehicle customer facility charge from \$1/day to \$4.50/day. Appropriates funds out of the rental motor vehicle customer facility charge special fund for multiple purposes.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

