

---

---

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

12           As a result, the legislature in 2008 passed Act 226,  
13 Session Laws of Hawaii 2008, which established a rental motor  
14 vehicle customer facility charge program similar to programs at  
15 more than seventy-five other airports across the United States.  
16 Act 226 established a rental motor vehicle customer facility  
17 charge of \$1 per day. Act 226 also appropriated \$10,000,000 for  
18 planning, design, and some improvements. Recognizing the



1 importance of the program to Hawaii's construction industry and  
2 economy, the legislature required the department of  
3 transportation to provide annual reports and timelines to ensure  
4 the "fast-tracking" of the facility projects and services.

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

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

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



1 by stepping up these 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 the program as well as the bonds to finance the  
5 related construction projects, which will total about  
6 \$500,000,000. To avoid program delays, it is very important  
7 that the program have strong financing and a stream of revenues  
8 to attract the buyers of the bonds during these turbulent  
9 economic times. The one-time-increased charge, as opposed to  
10 stepped-up charges, will also result in as much as \$300,000,000  
11 saved in finance costs. By fast-tracking the projects, it is  
12 anticipated that the program will benefit from about thirty per  
13 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 on rental motor  
16 vehicles at public airports or on public airport revenues.  
17 Other cities and airports have studied similar concerns and the  
18 studies have repeatedly found no correlation or negative impact  
19 related to an increased charge. In fact, airports generally  
20 have seen an increase in revenues since the facilities attract  
21 motor vehicle rental companies to conduct their business at the  
22 airport.



1           The program does not require visitors 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 rental motor vehicle customer  
5 facility charge. To minimize the impact to travel agents and  
6 others marketing travel packages and quoting prices, this  
7 measure delays implementation of the increased rental motor  
8 vehicle customer facility charge until 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 delay in the  
13 imposition and collection of the increased charge to \$4.50 daily  
14 has delayed the implementation of this start date as well as any  
15 related sale of bonds. Although this Act provides that the  
16 department has the discretion to raise and adjust the rental  
17 motor vehicle customer facility charge to meet the program's  
18 goals notwithstanding any law to the contrary, the department  
19 recently commented that the law needs to be clarified and that  
20 it cannot increase charges without proceeding through the rules  
21 process, which could take twelve months or longer. The  
22 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 The intent of this Act is to continue the fast-tracking of  
4 this program and its projects, thereby providing critical jobs  
5 to Hawaii's residents and stimulating Hawaii's suffering economy  
6 by:

- 7 (1) Raising the initial rental motor vehicle customer  
8 facility charge, as established by Act 226, Session  
9 Laws of Hawaii 2008, from \$1 daily to \$4.50 daily as  
10 recommended by consultants, so that the strength of  
11 the program can be maintained and the program can  
12 benefit from various anticipated costs savings;
- 13 (2) Raising the initial collection ceiling of the rental  
14 motor vehicle customer facility charges from  
15 \$10,000,000 to a minimum of \$500,000,000 based upon  
16 consultant estimates and reports provided to date;
- 17 (3) Clarifying that the department can adjust the rental  
18 motor vehicle customer facility charge without having  
19 to establish rules, as recently reported by the  
20 department; and
- 21 (4) Appropriating \$320,300,000 out of the rental motor  
22 vehicle customer facility charge special fund for the



1 program for its continued fast-tracking of projects,  
2 including the construction of projects at Honolulu  
3 international airport and Kahului airport.

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

6 "(h) Notwithstanding any laws to the contrary, the  
7 department may establish, levy, assess, and collect rental motor  
8 vehicle customer facility charges [~~, which~~] without the adoption  
9 of rules; provided that the department shall conduct a public  
10 informational hearing prior to implementing any charges. These  
11 charges shall be paid to the department periodically as  
12 determined by the department [~~.—These charges~~] and shall be used  
13 to pay for, or finance on a long-term basis where appropriate,  
14 the design, planning, construction, and other uses of the rental  
15 motor vehicle customer facility charges as set forth by the  
16 rental motor vehicle customer facility charge special fund in  
17 section 261-5.6.

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



1 Beginning September 1, 2010, the department shall levy,  
2 assess, and collect a rental motor vehicle customer facility  
3 charge of \$4.50 per day, or any portion of a day that a rental  
4 motor vehicle is rented or leased, by a rental motor vehicle  
5 concession where customers pick up and return rental vehicles to  
6 a facility at a state airport as determined by the director.  
7 The \$4.50 per day rental motor vehicle customer facility charge  
8 shall not be reduced by the department of transportation for at  
9 least twenty years following September 1, 2010, or as necessary  
10 to satisfy payment of any bonds issued or financial agreements  
11 entered into by the department in furtherance of the purpose of  
12 the rental motor vehicle customer facility charge special fund  
13 under section 261-5.6.

14 All rental motor vehicle customer facility charges shall be  
15 collected by lessors as defined in section 437D-3 and who  
16 operate a [~~car~~] rental motor vehicle concession awarded by the  
17 department at a state airport; provided that customers of  
18 lessors, as defined in section 437D-3, who do not operate a  
19 [~~car~~] rental motor vehicle concession at a state airport but  
20 whose customers benefit from the use of a [~~car~~] rental motor  
21 vehicle facility or service at a state airport paid for by  
22 rental motor vehicle customer facility charges, shall collect



1 from [~~such ear~~] rental motor vehicle customers, rental motor  
2 vehicle customer facility charges in an amount determined by the  
3 department that represents a fair share of the cost and ongoing  
4 expenses relating to customer use of [~~such a~~] the facility or  
5 service. All rental motor vehicle customer facility charges  
6 collected by [~~such~~] the lessor shall be paid to the department.

7 Notwithstanding any law to the contrary, the department may  
8 contract the management, maintenance, and operations of the  
9 facility and related services with airport concessions or their  
10 designee that share in the use of a rental motor vehicle  
11 customer facility at a state airport."

12 SECTION 3. Act 226, Session Laws of Hawaii 2008, is  
13 amended by repealing section 9.

14 [~~"SECTION 9. Notwithstanding section 7 of this Act, the~~  
15 ~~department of transportation, as of September 1, 2008, shall~~  
16 ~~levy, assess, and collect a rental motor vehicle customer~~  
17 ~~facility charge of \$1 per day, or any portion of a day that a~~  
18 ~~rental motor vehicle is rented or leased, by a rental motor~~  
19 ~~vehicle concession where customers pick up and return rental~~  
20 ~~vehicles to a facility at a state airport as determined by the~~  
21 ~~director. Moneys shall continue to be collected only until such~~





1 ~~time that the sum of \$25,000,000 is collected and deposited into~~  
2 ~~the rental motor vehicle customer facility charge special fund.~~

3 ~~The provisions of this section shall not impair, limit, or~~  
4 ~~restrict the department of transportation from levying,~~  
5 ~~assessing, establishing, and collecting rental motor vehicle~~  
6 ~~customer facility charges as set forth in section 7 of this~~  
7 ~~Act."]~~

8 SECTION 4. There is appropriated out of the rental motor  
9 vehicle customer facility charge special fund established by  
10 section 261-5.6, Hawaii Revised Statutes, the sum of  
11 \$320,000,000 or so much thereof as may be necessary for fiscal  
12 year 2010-2011 for:

- 13 (1) Planning, design, and temporary relocation of rental  
14 motor vehicle operations and related expenses;
- 15 (2) Construction costs relating to temporary relocation  
16 of current rental motor vehicle operations during  
17 the construction of a consolidated facility at the  
18 Honolulu international airport and related expenses;
- 19 (3) Planning and design of rental motor vehicle  
20 facilities at the Honolulu international airport and  
21 related expenses;



- 1 (4) Planning, design, and construction of an overflow  
2 storage lot at Kahului airport and related expenses;
- 3 (5) Initial planning and design of consolidated  
4 facilities at Kahului airport and related expenses;
- 5 (6) Statewide development and program management of a  
6 motor vehicle rental facilities program and related  
7 expenses; and
- 8 (7) Construction of a consolidated rental motor facility  
9 at Honolulu international airport and related  
10 expenses.

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

13 SECTION 5. Any unexpended or unencumbered balance of any  
14 appropriation made by section 10 of Act 226, Session Laws of  
15 Hawaii 2008, as of the close of business on June 30, 2011,  
16 shall lapse into the rental motor vehicle customer facility  
17 charge special fund.

18 SECTION 6. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 7. This Act shall take effect on July 1, 2010.



**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. (SD2)

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

