

STAND. COM. REP. NO.

711

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 190  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 190, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PRIVATE FLIGHT SCHOOLS,"

begs leave to report as follows:

The purpose of this measure is to enable qualifying students of private flight schools to participate in federal student loan programs.

Mauna Loa Helicopters testified in support of this measure. The Department of Education testified in opposition to this measure.

The Title IV Federal Student Loan Program (Title IV Program) allows individuals to apply for federal student aid for post-secondary education. Under state law, flight schools in Hawaii are exempt from needing authorization to operate as a private trade, vocational, or technical school because these schools are overseen and highly regulated by the Federal Aviation Administration (FAA). However, your Committee finds that under new federal legislation, flight schools must be authorized to operate by the State in which they are located to remain eligible to participate in the Title IV Program. This has created an urgent situation for flight schools in Hawaii.



While your Committee believes that the Department of Education should continue to regulate private trade, vocational, or technical schools, the urgent situation created by the enactment of new federal laws warrants immediate action with regard to flight schools. Your Committee finds that the situation facing flight schools is unique. Furthermore, the very limited number of flight schools operating in Hawaii, each of which are highly regulated by the FAA and national accrediting agencies, would have minimal impact on any department authorizing or regulating flight schools. Accordingly, your Committee finds that placing the regulation and authorization of flight schools within the Department of Commerce and Consumer Affairs is appropriate at this time.

Your Committee has amended this measure by:

- (1) Requiring authorization and regulation of flight schools to be carried out by the Department of Commerce and Consumer Affairs rather than the Department of Education;
- (2) Inserting additional criteria that a flight school must meet to be considered for regulation and authorization;
- (3) Specifying that the Department of Commerce and Consumer Affairs shall not be required to receive, arbitrate, investigate, and process complaints regarding flight schools; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 190, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 190, H.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ANGUS L.K. MCKELVEY, Chair



