
A BILL FOR AN ACT

RELATING TO AIRPORT CONCESSIONS.

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

1 SECTION 1. Section 261-7, Hawaii Revised Statutes, is
2 amended by amending subsections (b) and (c) to read as follows:
3 "(b) Except as otherwise provided in this section, in each
4 case mentioned in subsection (a)(1), (2), (3), and (4), the
5 department may establish the terms and conditions of the
6 contract, lease, license, or other arrangement, and may fix the
7 charges, rentals, or fees for the privileges, services, or
8 things granted, conferred, or made available, for the purpose of
9 meeting the expenditures of the statewide system of airports set
10 forth in section 261-5(a), which includes expenditures for
11 capital improvement projects approved by the legislature.
12 [~~Such~~] These charges shall be reasonable and uniform for the
13 same class of privilege, service, or thing. However, each
14 contract, lease, license, or other arrangement for concessions
15 at public airports shall contain a clause that the price of each
16 product sold at an airport concession shall be at the average
17 price of the same product offered for sale to the public
18 elsewhere outside the airport concession in the same county.



1 For the purpose of this subsection, "average price" means the
2 range of prices of a product varying within five per cent above
3 or below the median price of the product within a county.

4 (c) The department shall enter into a contract with no
5 more than one person ("contractor") for the sale and delivery of
6 in-bond merchandise at Honolulu International Airport, in the
7 manner provided by law[-]; provided that the contract shall
8 contain a clause that the price of each in-bond product sold at
9 an in-bond merchandise commercial facility, either inside or
10 outside a public airport, shall be at the average price of the
11 same product not in-bond that is offered to the public elsewhere
12 in the same county. For the purpose of this subsection,
13 "average price" means the range of prices of a product varying
14 within five per cent above or below the median price of the
15 product within a county. The contract shall confer the right to
16 operate and maintain commercial facilities within the airport
17 for the sale of in-bond merchandise and the right to deliver to
18 the airport in-bond merchandise for sale to departing foreign-
19 bound passengers.

20 The department shall grant the contract pursuant to the
21 laws of this State and may take into consideration:



1 (1) The payment to be made on in-bond merchandise sold at
2 Honolulu International Airport and on in-bond
3 merchandise displayed or sold elsewhere in the State
4 and delivered to the airport;

5 (2) The ability of the applicant to comply with all
6 federal and state rules and regulations concerning the
7 sale and delivery of in-bond merchandise; and

8 (3) The reputation, experience, and financial capability
9 of the applicant.

10 The department shall actively supervise the operation of
11 the contractor to insure its effectiveness. The department
12 shall develop and implement such guidelines as it may find
13 necessary and proper to actively supervise the operations of the
14 contractor, and shall include guidelines relating to the
15 department's review of the reasonableness of contractor's price
16 schedules, quality of merchandise, merchandise assortment,
17 operations, and service to customers.

18 Apart from the contract described in this subsection, the
19 department shall confer no right upon nor suffer nor allow any
20 person to offer to sell, sell, or deliver in-bond merchandise at
21 Honolulu International Airport; provided that this section shall




1 not prohibit the delivery of in-bond merchandise as cargo to the
2 Honolulu International Airport."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Lyla B. Berg


'JAN 22 2007



Report Title:

Airport Concessions; Price Controls

Description:

Requires the price of a product sold by an airport concession to be at the average price of the same product offered for sale to the public elsewhere in the same county. Defines "average price" as the range of prices of a product varying within 5% above or below the median price of the product within a county.

