

Honolulu, Hawaii

APR 02 2008

RE: H.B. No. 509
H.D. 2
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 509, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to authorize the Department of Transportation to establish and collect rental motor vehicle customer facility charges.

Specifically, this measure creates a rental motor vehicle customer facility charge special fund and establishes a \$1 daily charge on rentals at state airports to be deposited in a special fund established in the measure for the purpose of improving rental motor vehicle customer facilities. The measure also appropriates moneys from the special fund.

In view of the recent developments concerning the financial difficulties encountered by Aloha Airlines, one of the State's interisland air carriers, your Committee has circulated a proposed S.D. 2 draft to authorize the Department of Business, Economic Development, and Tourism, through its Director, to guarantee loans from private lending institutions to assist Hawaii interisland air carriers.

The proposed S.D. 2 draft authorizes loan guarantees of up to ninety per cent of the principal balance of a loan made by a private lending institution up to an unspecified aggregate state



liability amount. The term of the loan guarantee may not exceed ten years.

Your Committee received testimony in support of the proposed S.D. 2 draft from Hawaii Island Air dba Island Air and one individual. The Department of Budget and Finance and Catrala-Hawaii offered comments.

Upon further consideration, and after hearing the proposed S.D. 2 draft, your Committee has amended this measure by deleting its contents and replacing it with the proposed S.D. 2 draft, to which your Committee has made the following additional changes that:

- (1) Add a definition of "Hawaii air carrier" to include any commercial air carrier that is certified under Federal Aviation Regulation 121, serving the Hawaii interisland market as of March 29, 2008, and providing the carriage of persons or property by air for compensation or hire between any two points, both of which are within the State of Hawaii;
- (2) Clarify that the Director, and not the Department of Business, Economic Development, and Tourism, acts to authorize any loan guarantees;
- (3) Require that any Hawaii air carrier who uses moneys obtained under a loan guarantee to hire new employees shall give first preference to hiring employees of a Hawaii air carrier who have been displaced after March 30, 2008; provided that the Hawaii air carrier may not refuse to hire or employ any person because of race, sex, sexual orientation, age, religion, color, ancestry, disability, marital status, or arrest and court record;
- (4) Require that the procedures and forms used by the Air Transportation Stabilization Board of the United States Department of the Treasury be adopted for use under this measure;
- (5) Add a section creating the Hawaii interisland air carrier loan guarantee trust fund to serve as the reserve for all loans guaranteed;



- (6) Add an appropriation of an unspecified amount for deposit into the Hawaii interisland air carrier loan guarantee trust fund;
- (7) Change the repeal date to June 30, 2020; and
- (8) Make technical nonsubstantive amendments for the purposes of style and consistency.

Your Committee requests the members of Hawaii's congressional delegation to encourage the United States Departments of Justice and Transportation to intervene and investigate recent predatory pricing practices involving Hawaii's air carriers that have greatly contributed to the current situation. Your Committee also intends to explore the feasibility of using the airport special fund to support the reserve requirement of the Hawaii interisland air carrier loan guarantee trust fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 509, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 509, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB509, HD2, SD1	Committee Referral: TIA/IGM, WAM	Date: 4/1/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUYE, Lorraine R.	/			
KIM, Donna Mercado	/			
MENOR, Ron		/		
TOKUDA, Jill N.	/			
HEMMINGS, Fred			/	
WHALEN, Paul		/		
TOTAL	9	2	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes