STAND. COM. REP. NO. 2966

Honolulu, Hawaii

MAR 17 2006

RE: H.B. No. 2637

H.D. 1 S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Transportation and Government Operations, to which was referred H.B. No. 2637, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to provide temporary relief from lease and permit requirements for airport vendors who want to make improvements.

Your Committee received testimony in support of this measure from the Department of Transportation, HMSHost Hawaii Operations, and the Airports Concessionaires Committee.

Many airport concessions are in need of improvements, but a number of airport concessions have complained that, given stringent accounting rules, they cannot make necessary improvements to their concessions due to the very short, or no, remaining term on their concession leases that prevent them from amortizing further improvements. Over twenty airport concessions now experience this problem. As a result, improvements that the airports and various concessionaires would like to see are simply not happening. Hawaii's airports would have a better overall appearance and potentially enhanced revenues to the Department of Transportation if improvements could be made.

Your Committee finds that while the economy has now improved, it will take two to three years to put these twenty or more



concessions out to bid. Rather than have some of these concessions forego necessary improvements for two to three more years, it would be beneficial to both concessionaires and the airports if some of the concession leases could be extended on a short-term basis to allow for some improvements. These improvements would improve the overall appearance of the airports and make the concessions more attractive to customers.

Your Committee has amended this measure by deleting its contents and inserting provisions of companion measure S.B. No. 2662, SD1, with an effective date of upon approval and a sunset date of July 1, 2007.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2637, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2637, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Transportation and Government Operations,

LORRAINE R. INOUYE, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Transportation and Government Operations (Bills and Resolutions)

Measure:* HB 3G37 HD1	Committee Referral:		Date:	Date: 3/13/06	
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:					
The Recommendation is to:					
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)					
Members		Ayes	Ayes(WR)	Nays	Excused
INOUYE, Lorraine R. (C)					
ESPERO, Will (VC)					
BAKER, Rosalyn H.					
HEE, Clayton					
KANNO, Brian					
MENOR, Ron					
WHALEN, Paul					
TOTAL		4			3
Recommendation: Adopted 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					

^{*}Do <u>not</u> list more than one measure per Record of Votes.