

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

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FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA
IN REPLY REFER TO:

February 23, 2010

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

COMMITTEE ON FINANCE

HOUSE BILL NO. 2370, H.D.1, RELATING TO TRANSPORTATION.

The Department of Transportation (DOT) appreciates the intent of the bill, but understands that the rental car industry will be submitting proposed amendments for an H.D.2. The DOT intends to support the proposed amendments submitted by the industry.

Thank you for considering our testimony.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Rental motor vehicle customer facility charge

BILL NUMBER: HB 2370, HD-1

INTRODUCED BY: House Committee on Transportation

BRIEF SUMMARY: Amends Act 226, SLH 2008, to increase the rental motor vehicle customer facility charge from \$1 to \$4.50 per day on 9/1/10. Deletes the threshold of \$25,000,000 when the charge shall not be imposed. The department of transportation shall not reduce the \$4.50 for a minimum period of 20 years commencing on 9/1/10, or until such time as necessary to pay any bonds or financial agreements issued or entered into to support or assist in meeting the use or purpose of the special fund, whichever event occurs later.

Amends Act 226, SLH 2008, so that any unexpended or unencumbered balance of any appropriation made by this act as of 6/30/11 lapse into the rental motor vehicle customer facility charge special fund.

Appropriates \$320,000,000 from the rental motor vehicle customer facility charge special fund for fiscal 2011 for the: (1) planning, design, and temporary relocation of rental motor vehicle operations and related expenses; (2) construction costs relating to temporary relocation of current rental motor vehicle operations during the construction of a consolidated facility at the Honolulu International Airport and related expenses; (3) planning and design of rental motor vehicle facilities at the Honolulu International Airport and related expenses; (4) planning, design, and construction of an overflow storage lot at Kahului Airport and related expenses; (5) initial planning and design of consolidated facilities at Kahului Airport and related expenses; (6) statewide development and program management of a car rental facilities program and related expenses; (7) construction of a consolidated rental motor facility at Honolulu International Airport and related expenses; and (8) purchase of, or reimbursing of the department of transportation or any department or agency that purchases land near the Lihue Airport for purposes of planning, design, and construction of a consolidated rental motor vehicle facility.

Amends HRS section 261-7(h) to require a public hearing for any type of rental motor vehicle charge and provides that all rental motor vehicle facility charges shall be deposited into the rental motor vehicle facility charge special fund.

EFFECTIVE DATE: July 1, 2010

STAFF COMMENTS: The legislature by Act 226, SLH 2008, provided for the imposition of a rental motor vehicle customer facility charge to be used to develop, renovate, enhance, and maintain car rental facilities at state airports. It should be noted that the rental motor vehicle customer facility charge is based on the number of cars rented and as visitor counts fluctuate, so will the amount of revenues in the fund which may make the car rental customer facility charge an undependable source of revenue. As the purpose clause notes, this measure is to "fast-track" the building of a consolidated rental car facility at the state's airports, in particular at Honolulu International Airport. Care should be exercised to insure that these funds cannot be raided to be used for purposes other than building the specified facility. A special fund of this size could become a very tempting target to bail out general fund programs in these difficult economic times.

Digested 2/22/10

Alamo544 Ohohie Street, Ste 7
Honolulu, HI 96819

Honorable Marcus Oshiro, Chair
Committee on Transportation
House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00 a.m.; Room 308

Re: HB 2370, HD1 – Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Christian Heimbach and I am the Business Manager with Alamo Rent A Car.

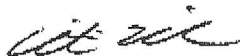
We support this bill and testimony by Catrala-Hawaii.

This Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It's now time to take this Program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this by a one-time increase of the CFC fee to \$4.50 daily. By doing so and avoiding stepped up increases consultants have reported this will seek to avoid such CFC fee being raised to higher than \$5.00 daily in the future and will also result in \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40% while providing critical jobs to Hawaii's economy.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 as recommended by consultants to: 1) avoid any delays or problems due to lack of funding; and 2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

We thank you for your past support and respectfully urge you to pass this bill.



Christian Heimbach
Business Manager



544 Chohia Street
Honolulu, HI 96819
808-636-0130

www.enterprise.com

Honorable Marcus Oshiro, Chair

Committee on Transportation

House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00 a.m.; Room 308

Re: HB 2370, HD1 – Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Paul Kopel and I am the Vice President/General Manager with Enterprise Rent A Car.

We support this bill and testimony by Catrala-Hawaii.

This Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

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We thank you for your past support and respectfully urge you to pass this bill.

A handwritten signature in black ink, appearing to be "P. Kopel", written over a horizontal line.

Paul Kopel
Vice President/General Manager



544 Ohonua Street, Ste 7
Honolulu, HI 96819

Honorable Marcus Oshiro, Chair
Committee on Transportation
House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00 a.m.; Room 308

Re: HB 2370, HD1 — Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Chris Sbarbaro and I am the Vice President of Rental with National Car Rental.

We support this bill and testimony by Catrala-Hawaii.

This Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It's now time to take this Program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this by a one-time increase of the CFC fee to \$4.50 daily. By doing so and avoiding stepped up increases consultants have reported this will seek to avoid such CFC fee being raised to higher than \$5.00 daily in the future and will also result in \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40% while providing critical jobs to Hawaii's economy.

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We thank you for your past support and respectfully urge you to pass this bill.

A handwritten signature in black ink, appearing to read "Chris Sbarbaro", with a stylized flourish at the end.

Chris Sbarbaro
Vice President of Rental



The Hertz Corporation
677 Ala Moana Blvd., STE# 916
Honolulu, HI 96813

Honorable Marcus Oshiro, Chair
Committee on Transportation
House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00 a.m.; Room 308

Re: HB 2370, HD1 – Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Aaron Medina and I am the General Manager for Hawaii, with The Hertz Corporation.

We support this bill and testimony by Catrala-Hawaii.

With the passage of Act 226 in 2008, this Legislature sought to fast-track improved services and projects relating to car rental operations at Hawaii's airports. Initially, the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It is now time to take this program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this through a one-time increase of the CFC fee to \$4.50 daily. By doing so, consultants have reported this will avoid the necessity of such CFC fee from being raised to higher than \$5.00 daily in the future, and will result in approximately \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40%, while providing critical jobs to Hawaii's economy.

We thank you for your past support and respectfully urge you to pass this bill.

Thank you for allowing us to testify.

Respectfully,

A handwritten signature in black ink, appearing to read "Aaron Medina".

Aaron Medina
General Manager, Hawaii

Honorable Marcus Oshiro, Chair
Committee on Transportation
House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00 a.m.; Room 308

Re: HB 2370, HD1 – Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Martin Mylott and I am the Regional Manager with Avis Rent A Car and Budget Rent A Car Hawaii.

We support this bill and testimony by Catrala-Hawaii.

This Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It's now time to take this Program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this by a one-time increase of the CFC fee to \$4.50 daily. By doing so and avoiding stepped up increases consultants have reported this will seek to avoid such CFC fee being raised to higher than \$5.00 daily in the future and will also result in \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40% while providing critical jobs to Hawaii's economy.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 as recommended by consultants to: 1) avoid any delays or problems due to lack of funding; and 2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

We thank you for your past support and respectfully urge you to pass this bill.



Honorable Marcus Oshiro, Chair
Committee on Transportation
House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00 a.m.; Room 308

Re: HB 2370, HD1 - Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Garrick Higuchi and I am the Area Director with Dollar Thrifty Automotive Group.

We support this bill and testimony by Catrala-Hawaii.

This Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It's now time to take this Program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this by a one-time increase of the CFC fee to \$4.50 daily. By doing so and avoiding stepped up increases consultants have reported this will seek to avoid such CFC fee being raised to higher than \$5.00 daily in the future and will also result in \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40% while providing critical jobs to Hawaii's economy.

This bill also seeks to ensure the Program's funding with construction projects by having the Legislature set the initial increase to \$4.50 as recommended by consultants to: 1) avoid any delays or problems due to lack of funding; and 2) ensure that the Program continues to move forward in meeting its fast-tracking goals as intended by the Legislature without diminished funding unless approved by the Legislature.

We thank you for your past support and respectfully urge you to pass this bill.

A handwritten signature in black ink, appearing to read "G. Higuchi", is written over a horizontal line.

DTG Operations, Inc.
1600 Kapiolani Blvd.
Ste. 825
Honolulu, HI 96814
808-952-4242
Fax 808-952-4255

Honorable Marcus Oshiro, Chair
Committee on Finance
House of Representatives, Hawaii

Hearing: February 23, 2010, 10:00a.m., Room 308

Re: HB 2370, HD1 – Relating To Transportation

Chair Oshiro and Honorable Committee Members,

My name is Paul Kopel and I am the Legislative Committee Chair for Catrala-Hawaii. Catrala's membership consists of the major u-drive companies in Hawaii and the many businesses which support our industry.

Catrala supports the bill but notes there could be further changes given further meetings with the Department of Transportation this afternoon which among other things will cover subjects among which will be: 1) clarification of projects and appropriation amounts; and 2) need to re-authorize appropriation amounts since last year's budget in extending the appropriation amounts granted under Act 226 (2008) referred to such an extension as being for O&M when it should have been for CIP matters as provided for in Act 226. While we believe the Legislative intent is clear, the mistake in the wording of the budget has created funding and payment concerns for the companies continuing to assist infast-track the projects as requested by the Legislature.

In view of the foregoing matters being reviewed and under consideration it may be preferable to pass this bill out at this time with a defective date. This will be allow for further dialogue, consideration and refinement of the bill by your Committee and others.

By way of background, this Legislature with the passage of Act 226 in 2008 sought to fast-track improved services and projects relating to the u-drive (car rental) operations at Hawaii's airports. Initially the Act provided funding with a CFC fee of \$1.00 daily and appropriation of \$10 million for statewide planning and design.

It's now time to take this Program to the next level by providing for a source of funds that will generate sufficient revenues to fund approximately \$500 million in projects statewide. This bill proposes to do this by a one-time increase of the CFC fee to \$4.50 daily. By doing so and avoiding stepped up increases consultants have reported this will seek to avoid such CFC fee being raised to higher than \$5.00 daily in the future and will also result in \$300 million dollars in finance savings. Fast tracking these projects will also result in anticipated construction-cost savings of 30% to 40% while providing critical jobs to Hawaii's economy.

We thank you for your past support. We respectfully seek your continued assistance in fast-tracking this Program which will not only provided overdue airport improvements but also seek to provide critical jobs to our construction industry and help Hawaii's struggling economy.