
A BILL FOR AN ACT

RELATING TO AN AIRPORT CORPORATION.

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

1 SECTION 1. The legislature finds that the economic well-
2 being of the State is substantially dependent on the efficient
3 development, management, and operation of its airports and air
4 transportation infrastructure. The legislature further finds
5 that responsibility for Hawaii's airport planning, management,
6 marketing, and capital development functions is currently
7 distributed among a number of agencies, including the department
8 of transportation's airports division, Hawaii tourism authority,
9 department of budget and finance, department of human resources
10 development, board of land and natural resources, department of
11 health with respect to environmental concerns, and the office of
12 Hawaiian affairs with respect to ceded land issues, among
13 others. Furthermore, key decision-making is vested in the state
14 legislature, which is only in regular session for part of each
15 year which imposes a constraint to responsiveness and causes
16 delay to key capital improvement program decisions. Distributed
17 responsibility and involvement by multiple agencies, sometimes



1 with conflicting goals and priorities, results in delayed
2 decision-making, inefficiency, and reduced effectiveness.

3 The legislature believes that coordinated planning and
4 development of air transportation would be achieved more
5 effectively by a single entity having overall consolidated
6 jurisdiction for the State's airport infrastructure.

7 The legislature further finds that the establishment of an
8 independent airport corporation would assist in the achievement
9 of the following important statewide objectives:

- 10 (1) Maximizing the contribution of the state airports
11 system to Hawaii's economy;
- 12 (2) Ensuring dedicated, expert airport leadership,
13 management continuity, and year-round decision-making,
14 consistent with industry best practices;
- 15 (3) Improving administrative efficiency by streamlining
16 administrative processes;
- 17 (4) Accelerating the planning and delivery of the airports
18 system's capital improvement program;
- 19 (5) Increasing the financial flexibility and strength of
20 the airports system;



- 1 (6) Increasing economic opportunities for the State, in
- 2 collaboration with the Hawaii tourism authority;
- 3 (7) Increasing responsiveness to customer needs,
- 4 commercial opportunities, and economic demands;
- 5 (8) Providing full transparency and public accountability,
- 6 and an appropriate forum to engage all interested
- 7 parties; and
- 8 (9) Maximizing job creation within the State.

9 The legislature further finds that the management and
 10 administration of scarce and increasingly valuable airport
 11 resources is most effectively served by the establishment of an
 12 independent airport corporation.

13 The purpose of this Act is to establish the Hawaii airport
 14 corporation.

15 SECTION 2. The Hawaii Revised Statutes is amended by
 16 adding a new chapter to be appropriately designated and to read
 17 as follows:

18 "CHAPTER

19 HAWAII AIRPORT CORPORATION



1 § -1 Definitions. As used in this chapter:

2 "Aeronautics" shall have the same meaning as defined in
3 section 261-1.

4 "Air navigation facility" shall have the same meaning as
5 defined in section 261-1.

6 "Airport" means any area of land or water that is used, or
7 intended for use, for the landing and taking-off of aircraft,
8 and any appurtenant areas that are used, or intended for use,
9 for airport buildings or other airport facilities or rights-of-
10 way, including approaches, together with all airport buildings
11 and facilities located thereon.

12 "Airport corporation" or "corporation" means the Hawaii
13 airport corporation.

14 "Chief executive officer" means the chief executive officer
15 of the Hawaii airport corporation.

16 § -2 Airport corporation; establishment; board; members;
17 chief executive officer. (a) There is established the Hawaii
18 airport corporation, which shall be a body politic and
19 corporate, constituting a public instrumentality for the
20 performance of an essential public and governmental function as
21 provided in this chapter. The corporation shall be established



1 and shall operate as a subdivision of the State for the purpose
2 of developing and implementing management structures, policies,
3 and procedures based on airport industry best practices and
4 expressly configured to support the efficient development,
5 management, and operation of the State's airports and
6 aeronautical facilities. The corporation shall be placed within
7 the department of transportation for administrative purposes
8 only.

9 (b) The powers of the airport corporation shall be vested
10 in and exercised by a board of directors, which shall consist of
11 nine voting members, who shall be appointed by the governor
12 pursuant to section 26-34; provided that there shall be one
13 member representing each of the counties of Hawaii, Kauai, and
14 Maui and the city and county of Honolulu. Members shall be
15 removed from office by the governor only for inefficiency,
16 neglect of duty, turpitude, or misconduct in office after giving
17 the member a copy of the charges against the member and allowing
18 the member an opportunity to be heard, in person or by counsel,
19 upon not less than ten days notice.

20 Members shall have relevant business and management
21 experience, including experience in one or more of the following



1 disciplines: financial planning, budgeting, hospitality,
2 tourism, commercial development, construction program
3 management, marketing, law, or aviation.

4 No board member appointed under this section shall be an
5 officer or employee of the State or the counties.

6 (c) The airport corporation shall be headed by a single
7 executive to be known as the chief executive officer of the
8 Hawaii airport corporation, who shall:

9 (1) Not be a member of the board;

10 (2) Serve at the pleasure of the board; and

11 (3) Receive such compensation as shall be fixed by the
12 board.

13 (d) The chief executive officer:

14 (1) Shall be selected based on criteria approved by the
15 board, including experience in airport management at
16 an executive level at a large- or medium-hub airport
17 within the United States, management of significant
18 scale capital programs, and domestic and international
19 air service development;

20 (2) Shall be appointed by a majority vote of the members
21 of the board;



- 1 (3) Shall be employed subject to a formal contract, the
2 terms of which shall be approved by the board;
3 provided that the:
- 4 (A) Terms shall include provisions for the removal of
5 the chief executive officer with and without
6 cause; and
- 7 (B) Salary established by the contract shall not
8 exceed the salary of any deputy director of
9 transportation;
- 10 (4) May be removed from office only by a vote of not less
11 than five members of the board; provided that the
12 basis for removal is consistent with the terms of the
13 applicable employment contract;
- 14 (5) May establish management organization structures;
- 15 (6) May appoint one deputy executive officer, as the chief
16 executive officer deems appropriate, who shall be
17 exempt from chapter 76. The deputy executive officer
18 shall exercise those powers that may be delegated by
19 the chief executive officer;
- 20 (7) Shall have such powers as described in this chapter
21 and as may be delegated by the members of the board;



- 1 (8) Shall attend all meetings of the board, keep a record
2 of the proceedings, and shall maintain and be the
3 custodian of all books, records, documents, and papers
4 filed with the corporation, of the minute book of the
5 corporation, and of its official seal;
- 6 (9) Shall direct and supervise the corporation's
7 administrative affairs and technical activities in
8 accordance with the directives of the board;
- 9 (10) Shall approve all accounts for salaries and allowable
10 expenses of the corporation or of any employee or
11 consultant thereof;
- 12 (11) May hire employees, subject to chapters 76 and 89, to
13 fill positions provided for in the airport
14 corporation's annual budget; provided that the
15 functions and duties of all positions shall be
16 provided for in the bylaws of the airport corporation;
- 17 (12) Shall serve as the chief procurement officer for the
18 corporation; and
- 19 (13) Shall perform such other duties as may be directed by
20 the board in carrying out the purpose of the
21 corporation.



1 (e) The airport corporation shall establish bylaws
2 providing for, upon the vacancy of the position of the chief
3 executive officer, the automatic succession by a deputy
4 executive officer on an interim basis until a permanent chief
5 executive officer is appointed.

6 (f) The number of members of the board necessary to
7 constitute a quorum to do business shall be a majority of the
8 members.

9 § -3 Powers; generally. (a) Except as otherwise
10 provided in this chapter, the airport corporation:

11 (1) Shall exercise power and control over airports, air
12 navigation facilities, buildings, and other facilities
13 belonging to, or controlled by, the airport
14 corporation;

15 (2) Shall exercise general supervision over aeronautics
16 within the State and, in connection therewith,
17 encourage, foster, and assist in the development of
18 aeronautics in the State, and encourage the
19 establishment of airports and air navigation
20 facilities;



- 1 (3) Shall provide as appropriate for the landing, taking-
2 off, and servicing of aircraft, and the loading and
3 unloading of passengers and cargo;
- 4 (4) Shall provide for the comfort, accommodation, and
5 convenience of air travelers;
- 6 (5) Shall establish performance targets and performance
7 standards to achieve the highest levels of customer
8 service;
- 9 (6) Shall cooperate with and assist the federal government
10 and other persons in the development of aeronautics;
- 11 (7) Shall seek to coordinate the aeronautical activities
12 of the State with those activities of the federal
13 government;
- 14 (8) Shall ensure that appropriate mission statements,
15 business plans, minimum development standards, and
16 strategic goals are established and that progress
17 towards their accomplishment is regularly assessed and
18 reported;
- 19 (9) Shall develop an organization and management structure
20 to best accomplish the goals of the Hawaii airport
21 system and the corporation;



- 1 (10) Shall not be subject to chapter 103D;
- 2 (11) Shall employ employees subject to chapters 76 and 89;
- 3 (12) May use the facilities and services of any department,
4 board, commission, or agency of the State or counties,
5 if permitted pursuant to memoranda of understanding
6 approved by the board;
- 7 (13) May sue and be sued;
- 8 (14) Shall have a seal and may alter the seal at its
9 pleasure;
- 10 (15) May make and execute contracts and all other
11 instruments necessary or convenient for the exercise
12 of its powers and functions under this chapter;
- 13 (16) Shall establish bylaws for its organization and
14 internal management;
- 15 (17) Shall adopt an annual budget for its operations,
16 maintenance, and capital improvements, pursuant to
17 chapter 37;
- 18 (18) May own, sell, lease, hold, clear, improve, and
19 rehabilitate real, personal, or mixed property, and
20 assign, exchange, transfer, convey, lease, sublease,
21 or encumber any airport, or any project, improvement,



1 or facility related thereto; provided that the
2 corporation and corporation lands shall not be subject
3 to chapter 171;

4 (19) May develop, construct, reconstruct, rehabilitate,
5 improve, alter, repair, or provide for the
6 development, construction, reconstruction,
7 rehabilitation, improvement, alteration, or repair of,
8 any airport, or any project, improvement, or facility
9 related to airports controlled by the corporation or
10 located on land controlled by the corporation;

11 (20) May arrange or initiate appropriate action for the:
12 (A) Furnishing of facilities;
13 (B) Acquisition of property or property rights; and
14 (C) Furnishing of property, development rights, or
15 services in connection with any airport or any
16 project, improvement, or facility related to
17 airports controlled by the corporation;

18 (21) May grant options or renew any lease entered into by
19 it in connection with any project, on terms and
20 conditions as it deems advisable;



- 1 (22) May engage the services of consultants on a
2 contractual basis for rendering professional and
3 technical assistance and advice;
- 4 (23) Shall procure insurance against any loss in connection
5 with its property and other assets and operations, in
6 such amounts and from such insurers as it deems
7 desirable, or provide for self-insurance;
- 8 (24) May accept and receive gifts or grants in any form
9 from any person, public entity, or source; provided
10 that the grants and gifts shall be used for airport
11 corporation purposes;
- 12 (25) May pledge or assign all or any part of the moneys,
13 fees, rents, charges, or other revenues and proceeds
14 derived by the airport corporation from the proceeds
15 of insurance or condemnation awards for the loss of
16 revenues or incurring of costs and expenses because of
17 any action taken by the airport corporation;
- 18 (26) Shall fix, impose, prescribe, and collect rates,
19 rentals, fees, or charges for the lease, use, and
20 services of its airport facilities at least sufficient
21 to pay the costs of operation, maintenance, and



1 repair, if any, and the required payments of the
2 principal of, and interest on, all bonds issued or
3 assumed by the airport corporation and reserves
4 therefor;

5 (27) May take all actions necessary under emergencies such
6 as hurricanes, tsunamis, and other natural disasters;

7 (28) Shall plan, construct, operate, and maintain all
8 airport facilities in the State;

9 (29) Subject to legislative authorization or appropriation,
10 may allot airport funds, issue revenue bonds and
11 special facility revenue bonds in its name pursuant to
12 chapter 39, but not in excess of such principal
13 amounts as are necessary for its purposes or specified
14 in covenants with bondholders;

15 (30) May invest and secure its moneys in accordance with
16 chapters 36 and 38;

17 (31) May take public and private property for use in
18 furthering any of the purposes of the airport
19 corporation; provided that all proceedings for
20 condemnation shall be conducted in accordance with
21 chapter 101;



1 (32) May provide compensation, allowance, or other
2 assistance to any person for relocation or
3 displacement caused by the acquisition of land for
4 airport purposes;

5 (33) May hire or contract law enforcement personnel;

6 (34) May license all airports and heliports within the
7 State, pursuant to all federal and state rules and
8 regulations, as well as the procedures of the airport
9 corporation;

10 (35) May approve all safety, security, and federal
11 certification plans, procedures, and specifications
12 related to the operation, management, and development
13 of all airports and heliports within the State; and

14 (36) May do any and all things necessary to carry out its
15 powers and duties pursuant to this chapter.

16 (b) The corporation shall adopt rules pursuant to chapter
17 91 to carry out the purpose of this chapter."

18 SECTION 3. Section 26-19, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "§26-19 Department of transportation. The department of
21 transportation shall be headed by a single executive to be known



1 as the director of transportation. The department shall
2 establish, maintain, and operate transportation facilities of
3 the State, including highways, [~~airports,~~] harbors, and such
4 other transportation facilities and activities as may be
5 authorized by law.

6 The department shall plan, develop, promote, and coordinate
7 various transportation systems management programs that shall
8 include, but not be limited to, alternate work and school hours
9 programs, bicycling programs, and ridesharing programs.

10 The department shall develop and promote ridesharing
11 programs which shall include but not be limited to, carpool and
12 vanpool programs, and may assist organizations interested in
13 promoting similar programs, arrange for contracts with private
14 organizations to manage and operate these programs, and assist
15 in the formulation of ridesharing arrangements. Ridesharing
16 programs include informal arrangements in which two or more
17 persons ride together in a motor vehicle.

18 The functions and authority heretofore exercised by the
19 department of public works with respect to highways are
20 transferred to the department of transportation established by
21 this chapter.



1 On July 1, 1961, the Hawaii aeronautics commission, the
2 board of harbor commissioners and the highway commission shall
3 be abolished and their remaining functions, duties, and powers
4 shall be transferred to the department of transportation."

5 SECTION 4. Section 103D-203, Hawaii Revised Statutes, is
6 amended as follows:

7 1. By amending subsection (a) to read:

8 "(a) The chief procurement officer for each of the
9 following state entities shall be:

10 (1) The judiciary--the administrative director of the
11 courts;

12 (2) The senate--the president of the senate;

13 (3) The house of representatives--the speaker of the house
14 of representatives;

15 (4) The office of Hawaiian affairs--the chairperson of the
16 board;

17 (5) The University of Hawaii--the president of the
18 University of Hawaii; provided that, except as
19 specified in section 304A-2672(2), for contracts for
20 construction and professional services furnished by
21 licensees under chapter 464, the administrator of the



1 state procurement office of the department of
2 accounting and general services shall serve as the
3 chief procurement officer;

4 (6) The department of education, excluding the Hawaii
5 public library system--the superintendent of
6 education;

7 (7) The Hawaii health systems corporation--the chief
8 executive officer of the Hawaii health systems
9 corporation; ~~and~~

10 (8) The Hawaii airport corporation--the chief executive
11 officer of the corporation; and

12 ~~[(8)]~~ (9) The remaining departments of the executive branch
13 of the State and all governmental bodies
14 administratively attached to them--the administrator
15 of the state procurement office of the department of
16 accounting and general services."

17 2. By amending subsection (c) to read:

18 "(c) For purposes of applying this chapter to the
19 judiciary, houses of the legislature, office of Hawaiian
20 affairs, University of Hawaii, department of education, Hawaii
21 airport corporation, remaining departments of the executive



1 branch and all governmental bodies administratively attached to
2 them, and the several counties, unless otherwise expressly
3 provided, "State" shall mean "judiciary", "state senate", "state
4 house of representatives", "office of Hawaiian affairs",
5 "University of Hawaii", "department of education", "Hawaii
6 airport corporation", "executive branch", "county", "board of
7 water supply" or "department of water supply", and "semi-
8 autonomous public transit agency", respectively."

9 SECTION 5. Section 261-1, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By adding a new definition to be appropriately inserted
12 and to read as follows:

13 "Chief executive officer" means the chief executive
14 officer of the Hawaii airport corporation."

15 2. By repealing the definition of "director".

16 [~~"Director" means the director of transportation.~~]

17 SECTION 6. Section 261-2, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§261-2 Development of aeronautics, general.** The
20 department of transportation shall have general supervision over
21 aeronautics within the State[-]; provided that on July 1, 2018,



1 the general supervision shall be transferred to the Hawaii
2 airport corporation. It shall encourage, foster, and assist in
3 the development of aeronautics in the State and encourage the
4 establishment of airports and air navigation facilities. It
5 shall cooperate with and assist the federal government and other
6 persons in the development of aeronautics and shall seek to
7 coordinate the aeronautical activities of the State with those
8 of the federal government. Municipalities may cooperate with
9 the department in the development of aeronautics and aeronautics
10 facilities in the State."

11 SECTION 7. The Hawaii airport corporation shall be a
12 successor agency, and jurisdiction over aeronautics and
13 airports, including airport functions under the department of
14 transportation's airports division, shall be transferred to the
15 Hawaii airport corporation on July 1, 2018.

16 To the extent that the Hawaii airport corporation is
17 authorized in this Act to exercise powers and duties which are
18 also granted to other departments, offices, or boards of the
19 State, with respect to airports and aeronautical facilities, the
20 Hawaii airport corporation shall exercise such powers and



1 perform such duties in lieu of any other departments, offices,
2 and boards.

3 SECTION 8. The State shall facilitate the corporation's
4 governance over airports and provide an orderly transition of
5 ownership, jurisdiction, assets, liabilities, powers, funds,
6 accounts, contracts, employees, and any other rights, benefits,
7 or obligations, and authority to control, operate, develop, and
8 maintain airports and aeronautical facilities from the
9 department of transportation to the corporation prior to July 1,
10 2018.

11 SECTION 9. The revisor of statutes shall substitute the
12 phrase "chief executive officer" in chapter 261, Hawaii Revised
13 Statutes, wherever the terms "director" or "director of
14 transportation" appear, except for the amendments made to
15 section 261-1, Hawaii Revised Statutes, in section 5 of this
16 Act.

17 SECTION 10. The revisor of statutes shall substitute the
18 phrase "Hawaii airport corporation" in chapter 261, Hawaii
19 Revised Statutes, wherever the terms "department" or "department
20 of transportation" appear, except for the amendments made to



1 section 261-2, Hawaii Revised Statutes, in section 6 of this
2 Act.

3 SECTION 11. It is the intent of this Act not to jeopardize
4 the receipt of any federal aid nor to impair the obligation of
5 the State or any agency thereof to the holders of any bond
6 issued by the State or by any such agency, and to the extent,
7 and only to the extent, necessary to effectuate this intent, the
8 governor may modify the strict provisions of this Act, but shall
9 promptly report any such modification with reasons therefor to
10 the legislature at its next session thereafter for review by the
11 legislature.

12 SECTION 12. This Act does not affect rights and duties
13 that matured, penalties that were incurred, and proceedings that
14 were begun before its effective date.

15 SECTION 13. If any provision of this Act, or the
16 application thereof to any person or circumstance, is held
17 invalid, the invalidity shall not affect the other provisions or
18 applications of this Act that can be given effect without the
19 invalid provision or application, and to this end the provisions
20 of this Act are severable.



1 SECTION 14. All rights, powers, functions, and duties of
2 the department of transportation's airports division are
3 transferred to the Hawaii airport corporation on July 1, 2018.
4 The Hawaii airport corporation shall recognize all bargaining
5 units and collective bargaining agreements existing at the time
6 of transfer to the corporation. The employees of the
7 corporation shall be considered employees of the State as
8 provided in this section.

9 All employees who occupy civil service positions and whose
10 functions are transferred to the Hawaii airport corporation by
11 this Act shall retain their civil service status, whether
12 permanent or temporary. Employees shall be transferred without
13 loss of salary, seniority (except as prescribed by applicable
14 collective bargaining agreements), retention points, prior
15 service credit, any vacation and sick leave credits previously
16 earned, and other rights, benefits, and privileges, in
17 accordance with state personnel laws and this Act.

18 Any employee who, prior to this Act, is exempt from civil
19 service and is transferred as a consequence of this Act may
20 retain the employee's exempt status, but shall not be appointed
21 to a civil service position as a consequence of this Act. An



1 exempt employee who is transferred by this Act shall not suffer
2 any loss of prior service credit, vacation or sick leave credits
3 previously earned, or other employee benefits or privileges as a
4 consequence of this Act; provided that the employees possess
5 legal and public employment requirements for the position to
6 which transferred or appointed, as applicable. The chief
7 executive officer of the Hawaii airport corporation may
8 prescribe the duties and qualifications of these employees and
9 fix their salaries without regard to chapter 76, Hawaii Revised
10 Statutes.

11 No employee covered by a collective bargaining unit as an
12 employee of the department of transportation shall be laid off
13 as a result of the creation of the Hawaii airport corporation.
14 The officers and all other employees of the Hawaii airport
15 corporation shall be state employees for the purposes of
16 benefits and retirement.

17 SECTION 15. On July 1, 2018, all appropriations, records,
18 equipment, machines, files, supplies, contracts, books, papers,
19 documents, maps, and other personal property heretofore made,
20 used, acquired, or held by the department of transportation
21 relating to the functions transferred to the Hawaii airport



1 corporation shall be transferred with the functions to which
2 they relate.

3 SECTION 16. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 17. This Act shall take effect on December 16,
6 2050; provided that sections 5, 9, and 10 shall take effect on
7 December 17, 2050.



Report Title:

Tourism; Transportation; Aeronautics; Hawaii Airport Corporation

Description:

Authorizes the establishment of the Hawaii Airport Corporation within the Department of Transportation for administrative purposes on July 1, 2018. Sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation. Transfers the aeronautics functions of the Department of Transportation to the Hawaii Airport Authority.
(SB658 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

