
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 that is only in regular session for a part of each
15 year which impedes responsiveness and delays key decisions
16 relating to the capital improvement program. Dispersed
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;
- 21 (6) Increasing economic opportunities for the State, in
22 collaboration with the Hawaii tourism authority;



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

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

11 The purpose of this Act is to establish the Hawaii airport
 12 corporation.

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

16 **"CHAPTER**

17 **HAWAII AIRPORT CORPORATION**

18 § -1 Definitions. As used in this chapter:

19 "Aeronautics" shall have the same meaning as defined in
 20 section 261-1.

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



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

7 "Airport corporation" or "corporation" means the Hawaii
8 airport corporation.

9 "Chief executive officer" means the chief executive officer
10 of the Hawaii airport corporation.

11 **§ -2 Airport corporation; establishment; board; members;**
12 **chief executive officer.** (a) There is established the Hawaii
13 airport corporation, which shall be a body politic and
14 corporate, constituting a public instrumentality for the
15 performance of an essential public and governmental function as
16 provided in this chapter. The corporation shall be established
17 and shall operate as a subdivision of the State for the purpose
18 of developing and implementing management structures, policies,
19 and procedures based on airport industry best practices and
20 expressly configured to support the efficient development,
21 management, and operation of the State's airports and
22 aeronautical facilities. The corporation shall be placed within



1 the department of transportation for administrative purposes
2 only. The airport corporation shall only be repealed by a vote
3 of not less than a majority of the members of each house of the
4 legislature.

5 (b) The powers of the airport corporation shall be vested
6 in and exercised by a board of directors, which shall consist of
7 five voting members, who shall be appointed as follows:

8 (1) Three members appointed by the governor pursuant to
9 section 26-34;

10 (2) One member appointed by the speaker of the house of
11 representatives; and

12 (3) One member appointed by the president of the senate.

13 All members shall be appointed for terms of four years; provided
14 that the initial terms of the members appointed by the governor
15 shall be staggered. Members shall be removed from office by the
16 appointing authority only for inefficiency, neglect of duty,
17 turpitude, or misconduct in office after giving the member a
18 copy of the charges against the member and allowing the member
19 an opportunity to be heard, in person or by counsel, upon not
20 less than ten days notice.

21 Members shall have relevant business and management
22 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 All members shall continue in office until their respective
5 successors have been appointed.

6 Except as provided in this chapter, no member appointed
7 under this section shall be an officer or employee of the State
8 or the counties.

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

- 12 (1) Not be a member of the board;
- 13 (2) Serve at the pleasure of the board; and
- 14 (3) Receive compensation that shall be fixed by the board.
- 15 (d) The chief executive officer:
- 16 (1) Shall be selected based on criteria approved by the
17 board, including experience in airport management at
18 an executive level at a large- or medium-hub airport
19 within the United States, management of significant
20 scale capital programs, and domestic and international
21 air service development;



- 1 (2) Shall be appointed by the vote of not less than three
- 2 members of the board;
- 3 (3) Shall be employed subject to a formal contract, the
- 4 terms of which shall be approved by the board;
- 5 (4) May be removed from office only by a vote of not less
- 6 than three members of the board; provided that the
- 7 basis for removal is consistent with the terms of the
- 8 applicable employment contract;
- 9 (5) May establish management organization structures;
- 10 (6) May appoint such deputy executive officers as the
- 11 chief executive officer deems appropriate. Each
- 12 deputy executive officer shall exercise those powers
- 13 that may be delegated by the chief executive officer;
- 14 (7) Shall have such powers as described in this chapter
- 15 and as may be delegated by the members of the board;
- 16 (8) Shall attend all meetings of the board, keep a record
- 17 of the proceedings, and shall maintain and be the
- 18 custodian of all books, records, documents, and papers
- 19 filed with the corporation, of the minute book of the
- 20 corporation, and of its official seal;



- 1 (9) Shall direct and supervise the corporation's
2 administrative affairs and technical activities in
3 accordance with the directives of the board;
- 4 (10) Shall approve all accounts for salaries and allowable
5 expenses of the corporation or of any employee or
6 consultant thereof;
- 7 (11) May hire staff and employees to fill positions that
8 may be provided for in the airport corporation's
9 annual budget; provided that the functions and duties
10 of all positions shall be provided for in the bylaws
11 of the airport corporation; and
- 12 (12) Shall perform such other duties as may be directed by
13 the board in carrying out the purpose of the
14 corporation.
- 15 (e) The airport corporation shall establish bylaws
16 providing for, upon the vacancy of the position of the chief
17 executive officer, the automatic succession of a deputy
18 executive officer on an interim basis until a permanent chief
19 executive officer is appointed.
- 20 (f) The number of members of the board necessary to
21 constitute a quorum to do business shall be a majority of the
22 members.



1 **§ -3 Powers; generally.** Except as otherwise provided in
2 this chapter, the airport corporation:

3 (1) Shall exercise power and control over airports, air
4 navigation facilities, buildings, and other facilities
5 belonging to, or controlled by, the airport
6 corporation;

7 (2) Shall exercise general supervision over aeronautics
8 within the State and, in connection, within,
9 encourage, foster, and assist in the development of
10 aeronautics in the State, and encourage the
11 establishment of airports and air navigation
12 facilities;

13 (3) Shall provide for the landing, taking-off, and
14 servicing of aircraft, and the loading and unloading
15 of passengers and cargo;

16 (4) Shall provide for the comfort, accommodation, and
17 convenience of air travelers;

18 (5) Shall establish performance targets and performance
19 standards to achieve the highest levels of customer
20 service;

21 (6) Shall cooperate with and assist the federal government
22 and other persons in the development of aeronautics;



- 1 (7) Shall seek to coordinate the aeronautical activities
2 of the State with those activities of the federal
3 government;
- 4 (8) Shall ensure that appropriate mission statements,
5 business plans, minimum development standards, and
6 strategic goals are established and that progress
7 towards their accomplishment is regularly assessed and
8 reported;
- 9 (9) Shall develop an organization and management structure
10 to best accomplish the goals of the Hawaii airport
11 system and the corporation;
- 12 (10) Shall develop and implement policies and procedures
13 for the timely and efficient procurement of
14 professional services; planning, engineering, and
15 construction services; and other services and materiel
16 as may be required for the development, management,
17 and operation of the airport system, consistent with
18 accepted standards of probity, transparency, and
19 accountability for a public body. The corporation
20 shall not be subject to chapter 103D and any other
21 requirements of law for competitive bidding for
22 project agreements, construction contracts,



- 1 professional services, and lease and sublease
2 agreements;
- 3 (11) Shall employ staff subject to public employment laws,
4 and establish compensation programs to ensure that
5 qualified staff can be remunerated competitively;
- 6 (12) Shall appoint officers, agents, and employees through
7 the chief executive officer, prescribe their duties
8 and qualifications, and fix their salaries;
- 9 (13) May use the facilities and services of any department,
10 board, commission, or agency of the State or counties,
11 subject to the provisions of memoranda of
12 understanding approved by the board;
- 13 (14) May sue and be sued;
- 14 (15) Shall have a seal and may alter the seal at its
15 pleasure;
- 16 (16) May make and execute contracts and all other
17 instruments necessary or convenient for the exercise
18 of its powers and functions under this chapter;
- 19 (17) Shall establish bylaws for its organization and
20 internal management;
- 21 (18) Shall adopt rules pursuant to chapter 91 to carry out
22 the purpose of this chapter;



- 1 (19) Shall adopt an annual budget for its operations,
2 maintenance, and capital improvements;
- 3 (20) May own, sell, lease, hold, clear, improve, and
4 rehabilitate real, personal, or mixed property, and
5 assign, exchange, transfer, convey, lease, sublease,
6 or encumber any airport, or any project, improvement,
7 or facility related thereto; provided that the
8 corporation and corporation lands shall not be subject
9 to chapter 171;
- 10 (21) Shall develop, construct, reconstruct, rehabilitate,
11 improve, alter, or repair, or provide for the
12 development, construction, reconstruction,
13 rehabilitation, improvement, alteration, or repair of,
14 any airport, or any project, improvement, or facility
15 related thereto;
- 16 (22) May own, hold, assign, transfer, convey, exchange,
17 lease, sublease, or encumber any airport or any
18 project, improvement, or facility related thereto;
- 19 (23) Shall arrange or initiate appropriate action for the
20 planning, opening, grading, relocating, or closing of
21 streets, roads, roadways, alleys, easements, or other
22 places; the furnishing of facilities; the acquisition



- 1 of property or property rights; and the furnishing of
2 property, development rights, or services in
3 connection with any airport or any project,
4 improvement, or facility related thereto;
- 5 (24) May grant options or renew any lease entered into by
6 it in connection with any project, on terms and
7 conditions as it deems advisable;
- 8 (25) May engage the services of consultants on a
9 contractual basis for rendering professional and
10 technical assistance and advice;
- 11 (26) Shall procure insurance against any loss in connection
12 with its property and other assets and operations, in
13 such amounts and from such insurers as it deems
14 desirable, or provide for self-insurance;
- 15 (27) May accept and receive gifts or grants in any form
16 from any person, public entity, or source; provided
17 that the grants and gifts shall be used for airport
18 corporation purposes;
- 19 (28) May pledge or assign all or any part of the moneys,
20 fees, rents, charges, or other revenues and proceeds
21 derived by the airport corporation from the proceeds
22 of insurance or condemnation awards for the loss of



- 1 revenues or incurring of costs and expenses because of
2 any action taken by the airport corporation;
- 3 (29) Shall fix, impose, prescribe, and collect rates,
4 rentals, fees, or charges for the lease, use, and
5 services of its airport facilities at least sufficient
6 to pay the costs of operation, maintenance, and
7 repair, if any, and the required payments of the
8 principal of, and interest on, all bonds issued or
9 assumed by the airport corporation and reserves
10 therefor;
- 11 (30) May engage in economic development programs and
12 contract with the department of business, economic
13 development, and tourism or nonprofit corporations in
14 the furtherance of economic development;
- 15 (31) May take all actions necessary under emergencies such
16 as hurricanes, tsunamis, and other natural disasters;
- 17 (32) Shall plan, construct, operate, and maintain all
18 airport facilities in the State;
- 19 (33) May allot airport funds, issue revenue bonds and
20 special facility revenue bonds in its name pursuant to
21 chapter 39, but not in excess of such principal



- 1 amounts as are necessary for its purposes or specified
2 in covenants with bondholders;
- 3 (34) May invest and secure its moneys in accordance with
4 chapters 36 and 38;
- 5 (35) May take public and private property for use in
6 furthering any of the purposes of the airport
7 corporation; provided that all proceedings for
8 condemnation shall be conducted in accordance with
9 chapter 101;
- 10 (36) May provide compensation, allowance, or other
11 assistance to any person for relocation or
12 displacement caused by the acquisition of land for
13 airport purposes;
- 14 (37) May hire or contract law enforcement personnel;
- 15 (38) May license all airports and heliports within the
16 State, pursuant to all federal and state rules and
17 regulations, and the procedures of the airport
18 corporation;
- 19 (39) May approve all safety, security, and federal
20 certification plans, procedures, and specifications
21 related to the operation, management and development
22 of all airports and heliports within the State; and



1 (40) May do any and all things necessary to carry out its
2 powers and duties pursuant to this chapter."

3 SECTION 3. Section 261-2, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§261-2 Development of aeronautics, general. The
6 department of transportation shall have general supervision over
7 aeronautics within the State[-]; provided that on July 1, 2018,
8 the general supervision shall be transferred to the Hawaii
9 airport corporation. It shall encourage, foster, and assist in
10 the development of aeronautics in the State and encourage the
11 establishment of airports and air navigation facilities. It
12 shall cooperate with and assist the federal government and other
13 persons in the development of aeronautics and shall seek to
14 coordinate the aeronautical activities of the State with those
15 of the federal government. Municipalities may cooperate with
16 the department in the development of aeronautics and aeronautics
17 facilities in the State."

18 SECTION 4. The Hawaii airport corporation shall be a
19 successor agency, and jurisdiction over aeronautics and
20 airports, including airport functions under the department of
21 transportation's airports division, shall be transferred to the
22 Hawaii airport corporation on July 1, 2018.



1 To the extent that the Hawaii airport corporation is
2 authorized in this Act to exercise powers and duties which are
3 also granted to other departments, offices, or boards of the
4 State, with respect to airports and aeronautical facilities, the
5 Hawaii airport corporation shall exercise such powers and
6 perform such duties in lieu of any other departments, offices,
7 and boards.

8 SECTION 5. The State shall facilitate the corporation's
9 governance over airports and provide an orderly transition of
10 ownership, jurisdiction, assets, liabilities, powers, funds,
11 accounts, contracts, employees, and any other rights, benefits,
12 or obligations, and authority to control, operate, develop, and
13 maintain airports and aeronautical facilities from the
14 department of transportation to the corporation prior to July 1,
15 2018.

16 SECTION 6. The Hawaii airport corporation shall procure
17 services and materiel pursuant to chapter 103D, Hawaii Revised
18 Statutes, and shall not be exempt from chapter 103D, Hawaii
19 Revised Statutes, until such time that the corporation develops
20 and implements policies and procedures for the timely and
21 efficient procurement of services and materiel pursuant to
22 section -3(10), Hawaii Revised Statutes.



1 SECTION 7. The office of the auditor shall periodically
2 review and audit procurement practices conducted by the Hawaii
3 airport corporation to ensure compliance with the policies and
4 procedures established pursuant to section -3(10), Hawaii
5 Revised Statutes.

6 SECTION 8. The revisor of statutes shall substitute the
7 phrase "Hawaii airport corporation" in chapter 261, Hawaii
8 Revised Statutes, wherever the word "department" appears, as the
9 context requires, except for the amendments made to section 261-
10 2, Hawaii Revised Statutes, in section 3 of this Act.

11 SECTION 9. The revisor of statutes shall substitute the
12 phrase "Hawaii airport corporation" in chapter 261, Hawaii
13 Revised Statutes, wherever the words "department of
14 transportation" appears, as the context requires, except for the
15 amendments made to section 261-2, Hawaii Revised Statutes, in
16 section 3 of this Act.

17 SECTION 10. The revisor of statutes shall substitute the
18 phrase "chief executive officer" in chapter 261, Hawaii Revised
19 Statutes, wherever the word "director" appears, as the context
20 requires, except for the amendments made to section 261-2,
21 Hawaii Revised Statutes, in section 3 of this Act.



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

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

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

19 SECTION 14. All rights, powers, functions, and duties of
20 the department of transportation's airports division are
21 transferred to the Hawaii airport corporation on July 1, 2018.
22 The Hawaii airport corporation shall be a successor employer to



1 the State, and shall recognize all bargaining units and
2 collective bargaining agreements existing at the time of
3 transfer to the corporation. The employees of the corporation
4 shall be considered employees of the State as provided in this
5 section. The corporation shall not be required to comply with
6 the policies of the department of human resources development
7 with regard to approval for the creation of new positions, the
8 number of such positions, the decision to fill such positions,
9 or the time for filling such positions.

10 All employees who occupy civil service positions and whose
11 functions are transferred to the Hawaii airport corporation by
12 this Act shall retain their civil service status, whether
13 permanent or temporary. Employees shall be transferred without
14 loss of salary, seniority (except as prescribed by applicable
15 collective bargaining agreements), retention points, prior
16 service credit, any vacation and sick leave credits previously
17 earned, and other rights, benefits, and privileges, in
18 accordance with state personnel laws and this Act; provided that
19 the employees possess the minimum qualifications and public
20 employment requirements for the class or position to which
21 transferred or appointed, as applicable.



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

15 No employee covered by a collective bargaining unit as an
16 employee of the department of transportation shall be laid off
17 as a result of the creation of the Hawaii airport corporation.
18 The officers and all other employees of the Hawaii airport
19 corporation shall be state employees for the purposes of
20 benefits and retirement. The corporation shall reimburse the
21 appropriate state agencies for all costs incurred by such
22 designation.



1 In addition to positions transferred to the corporation,
2 the Hawaii airport corporation may create one or more new
3 classifications of employees as determined by the board of
4 directors of the corporation. The classifications shall not be
5 deemed comparable to other civil service classifications, and
6 may be exempt from classified service. On and after July 1,
7 2018, the corporation may hire employees into new unclassified
8 positions without regard to any collective bargaining agreement
9 then in effect and may set the initial terms and conditions of
10 employment for all employees in new unclassified positions.

11 SECTION 15. On July 1, 2018, all appropriations, records,
12 equipment, machines, files, supplies, contracts, books, papers,
13 documents, maps, and other personal property heretofore made,
14 used, acquired, or held by the department of transportation
15 relating to the functions transferred to the Hawaii airport
16 corporation shall be transferred with the functions to which
17 they relate.

18 SECTION 16. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 17. This Act shall take effect on July 1, 2050.



Report Title:

Tourism; Transportation; Hawaii Airport Corporation

Description:

Establishes the Hawaii Airport Corporation within the Department of Transportation for administrative purposes, to be operational 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 DOT to the Hawaii Airport Corporation. (HB1443 HD2)

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