

Honolulu, Hawaii

MAR 23, 2018

RE: S.B. No. 2996
S.D. 3
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committees on Transportation and Labor & Public
Employment, to which was referred S.B. No. 2996, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO AN AIRPORTS CORPORATION,"

beg leave to report as follows:

The purpose of this measure is to establish the Hawaii
Airports Corporation to assume all authority, powers, functions,
duties, and responsibilities of the Department of Transportation
related to aeronautics and airports.

Your Committees received written testimony in support of this
measure from the Office of the Governor; the Department of
Transportation; the Hawaii Tourism Authority; a member of the Maui
County Council; the Airport Concessionaires Committee; the
Airlines Committee of Hawaii; the American Council of Engineering
Companies of Hawaii; Bank of Hawaii; the Building Industry
Association of Hawaii; Chamber of Commerce Hawaii; the Hawaii
Lodging & Tourism Association; the Maui Hotel & Lodging
Association; Hawaii Pacific Health; the Hawaii Wall & Ceiling
Association; Hawaiian Airlines; the Kohala Coast Resort
Association; the Painting Contractors Association of Hawaii; the
Plumbing and Mechanical Contractors Association of Hawaii;
Customers/Operators in the Hawaii Airports System; the Sheet Metal
Contractors Association; Enterprise Holdings; Fairmont Orchid;



Napili Kai Beach Resort; Pulama Lanai; Statewide General Contracting & Construction, Inc.; and fourteen individuals.

Your Committees received written testimony in opposition to this measure from Ka Lahui Hawaii Political Action Committee and four individuals.

Your Committees received comments on this measure from the Department of the Attorney General; the Hawaii State Ethics Commission; the Office of Hawaiian Affairs; the State Procurement Office; the General Contractors Association of Hawaii; the Subcontractors Association of Hawaii; the Painting Industry of Hawaii Labor Management Cooperation Trust Fund; Hawaii Tapers Market Recovery Trust Fund; Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund; and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund.

Your Committees find that transferring responsibilities related to aeronautics and the State's airports from the Department of Transportation to a newly established Hawaii Airports Corporation may facilitate streamlined decision-making and improve airport operation and facilities maintenance.

Your Committees have amended this measure by:

- (1) Providing that of the Corporation's nine-member board of directors, the Governor shall appoint three members from a list of nominees submitted by the Speaker of the House of Representatives and another three members from a list submitted by the Senate President, who shall not be subject to senate confirmation;
- (2) Amending the qualifications for members of the Corporation's board of directors to include "non-aviation airport business" as relevant experience;
- (3) Changing the number of specially qualified personnel that the Corporation's chief executive officer is authorized to fill by appointment from twelve to an unspecified number;
- (4) Specifying that the Corporation shall apply a residual methodology with regard to rates, rentals, fees, or



charges so that the statewide system of airports shall remain self-sustaining, as currently required of the Department of Transportation;

- (5) Providing that transfer from the Department of Transportation to the Corporation of jurisdiction, powers, and responsibilities over aeronautics and airports shall be completed at any time before January 1, 2022;
- (6) Deleting the Corporation's exemption from the Procurement Code and explicitly providing that the Corporation shall be subject to the Procurement Code;
- (7) Providing that the Chief Executive Officer of the Corporation shall also serve as Chief Procurement Officer of the Corporation;
- (8) Clarifying that all employees who are subject to Chapter 76, Hawaii Revised Statutes, shall retain their civil service status upon completion of the transfer of duties to the Corporation;
- (9) Requiring the Auditor to conduct management and financial audits of the Corporation for fiscal year 2022 and every two years thereafter;
- (10) Inserting statutory references to the Corporation's powers and duties under applicable provisions of Chapter 102, Hawaii Revised Statutes, relating to concessions on public property;
- (11) Changing the fiscal year of the appropriation to effect the transfer of functions from the Department of Transportation to the Corporation, from 2018-2019 to 2019-2020;
- (12) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (13) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.



Your Committees note that this measure, as amended, does not exempt the Corporation from the state Ethics Code or Procurement Code.

Your Committees further note that the Department of the Attorney General has requested a three-year transition period for the transfer of responsibilities to the Corporation. As such, it is wholly appropriate that the Corporation be subject to the Procurement Code.

As affirmed by the records of votes of the members of your Committees on Transportation and Labor & Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2996, S.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2996, S.D. 3, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Labor & Public Employment,


AARON LING JOHANSON, Chair


HENRY J.C. AQUINO, Chair



