

ACT 235

S.B. NO. 2267-76

A Bill for an Act Relating to the Establishment of Developmental Rates for Facilities Used by General Aviation Activities.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds it in the public interest to establish low developmental rates for state facilities which are used by general aviation activities. The purpose is to stimulate economic growth and expansion of this undeveloped industry at a time when this State needs a larger light industry base. The air carrier segment of the general aviation industry is well-developed and viable, however, overall the general aviation industry (aircraft, 12,500 pounds or less) has less than one-half the aircraft of an average state, on a per capita basis.

In this age of modern technology, the use of airplanes by the private sector has become a common-place occurrence. Business firms use planes to get their employees from their desks to job sites and return during office hours. Further,

flight training is needed to prepare our youth for aviation careers, or as an adjunct to the business world.

Our state airports system is self-supporting, in that all airport improvements are financed from the nonprofit state airport system trust fund. The largest revenue items in this fund are transpacific air carrier landing fees and fuel taxes, together with concessionaire rentals. The largest expenditures go for reef runways, runway extensions, new terminal buildings, "jumbo jet" gull wing extensions, etc. Compared to the size of this "cash flow", revenue received from, and spent on, general aviation facilities is insignificant. The airport land rental rates shall be based on a percentage of the market value of commercially held, industrial property adjacent to the airport. Presently, many general aviation concerns hold leases for comparable land at different rates because the leases were initiated in different years while rates were increasing. The result is that as each lease comes up for renewal, that operator must meet the higher rate with a pass-thru to his customers or terminate his operation. More job opportunities and capital investments are needed now. There is a need to examine all lease and rental rates to equal a percentage of the fair market rental of buildings and land areas.

SECTION 2. Section 261-7(e), Hawaii Revised Statutes, is amended to read:

"(e) Buildings and land areas for general aviation activities; developmental rates. The department may from time to time establish developmental rates for buildings and land areas used exclusively for general aviation activities at rates not less than fifty per cent of the fair market rentals of the buildings and land areas and may restrict the extent of buildings and land areas to be utilized."

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material or the underscoring.\*

SECTION 4. This Act shall take effect upon its approval.

(Approved June 9, 1976.)

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\*Edited accordingly.