

SENATE BILL REPORT

SHB 2214

As Reported by Senate Committee On:
Transportation, March 26, 2009

Title: An act relating to the reasonable costs of financing consolidated rental car facilities and common use transportation equipment and facilities.

Brief Description: Concerning airport operators financing consolidated rental car facilities and common use transportation equipment and facilities.

Sponsors: House Committee on Transportation (originally sponsored by Representative Simpson).

Brief History: Passed House: 3/06/09, 94-1.

Committee Activity: Transportation: 3/25/09, 3/26/09 [DP, DNP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Swecker, Ranking Minority Member; Becker, Berkey, Delvin, Eide, Jarrett, Kastama, Kauffman, Kilmer, King and Ranker.

Minority Report: Do not pass.

Signed by Senator Benton.

Staff: Wendy Malkin (786-7434)

Background: In 2005 the Legislature passed Substitute Senate Bill 5584 authorizing municipal airports to impose a customer facility charge on airport rental car customers. The purpose of the charge is to finance the design, construction, and operation of a consolidated rental car facility and a common use transportation system. The transportation system would transport customers between the car rental facility and other airport facilities. Rental car companies collect the facility charge as part of each rental car agreement, and the charge is deposited into a trust account for the benefit of the airport operator. The facility charges must not exceed the costs of financing and operating the consolidated facility, and the funds from the charges cannot be used for any other purpose.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Currently, car rental facilities at SeaTac are located at numerous sites near and at the airport. The purpose of the off-site consolidated rental car facility and common use transportation is to reduce airport congestion and increase parking space in the airport garage.

In 2008 the Port of Seattle (Port) began construction of the consolidated rental car facility at SeaTac. Construction and operation of the facility has been funded with the facility charges collected from rental car customers. The project is expected to need an additional \$400 million in financing. The Port planned to complete the project with a mid-2008 bond issue backed by revenues collected from the facility charge. However, the Port delayed issuing bonds due to the unfavorable market for taxable municipal bonds.

The Port has \$100 million available in its Airport Development Fund to loan to the Consolidated Rental Car Facility Project. The Airport Development Fund includes earnings from non-airline revenue, such as parking garage receipts, concession sales, and advertising.

Summary of Bill: Explicit authority is given to a municipal airport operator to use its own funds to finance a consolidated rental car facility and common use transportation system. In addition, the airport operator is entitled to earn a rate of return on such funds no greater than the interest rate the airport operator would have to pay to finance such a facility in the appropriate capital market. The airport operator must establish a rate of return in consultation with the rental car companies. The airport operator may use the earned interest for purposes other than those associated with the consolidated rental car facility and common use transportation equipment and facilities.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: The availability of the \$100 million in the Airport Development Fund occurred because the federal stimulus package allows airport operators to borrow at a very low rate. Because the airport can borrow at a low rate for capital projects funded by the development fund, \$100 million is freed to loan to the car facility project. Interest needs to be charged for the Airport Development Fund to recover the full value of the \$100 million to fund future capital projects.

When the Consolidated Rental Car Facility Project started, we expected to employ 2,500 to 3,000 at the height of the project. Hundreds of people were laid off when the project stopped. We can put these folks back to work again within weeks of getting the funding to continue the project. This project provides a major source of work for small contracting companies struggling with the difficult economy. There is no cost to the state in passing the bill, and it will put people to work right away.

Persons Testifying: PRO: Linda Hull, Port of Seattle; Craig Hoh, Turner Construction; Tom Balbo, Ferguson Construction.