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March 11, 2019

Senator Lorraine R. Inouye, Chair
Senator Breene Harimoto, Vice Chair
Committee on Transportation

Dear Chair Inouye, Vice Chair Harimoto, and Committee Members:

RE: HB 421, HD2 Relating to the General Excise Tax

Thank you for this opportunity to testify against HB 421, HD2.

Helicopters are a valued component of our tourism industry. They also have been a source of endless complaints from communities that lie in their flight paths, and there should be no doubt that noise can constitute both a nuisance and a health hazard, especially in otherwise tranquil rural areas.

Helicopter companies are asking the Legislature for special treatment (what they argue is “parity” or “equity”) with respect to the general excise tax. There is no suggestion of economic hardship; there is no credible argument (that I know of) that new facilities will be attracted to Hawai‘i; and there is no suggestion that the industry would use its savings to better accommodate those who live in their fly-over country. The exemption will simply add to the companies’ bottom line.

This year’s bill is slightly better than last year’s version, in that it asks for only a five-year general excise tax exemption, and it adds a provision that “75% of the helicopters serviced and maintained annually in the facility are equipped with quiet technology.”

I appreciate that the prior committees have added a definition of “quiet technology.” But I also ask you to recognize the frank testimony of Jack Harter Helicopters that “there is no such thing as a ‘quiet helicopter.’” As far as I can tell, there is no hint as to how effective so-called “quiet technology” is or will be. At a minimum, that needs further clarification.

As you struggle to balance your budget, one must ask whether the added profits for these companies’ owners could be better utilized in meeting the multiple needs that Hawai‘i faces. To me, the answer is that our transportation, education, social service needs, etc., should be higher priorities.

In addition, I don’t think it would be unfair to say that tax giveaways should be reserved for good corporate citizens.

I have met with tour operators and asked them to develop a plan to address noise and safety. They have taken some initial steps, and I commend them for that. Moreover, I am hopeful that tour operators and community members can work together. However, the history laid out in SCR 183 (2018) is eye-opening:

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“In 2000, the National Environmental Policy Act, in conjunction with the National Parks Air Tour Management Act of 2000, required an Air Tour Management Plan to be implemented at various national parks throughout the country... The objective of an Air Tour Management Plan is "to develop acceptable and effective measures to mitigate or prevent the significant adverse impacts, if any, of commercial air tour operations upon the natural and cultural resources, visitor experiences and tribal lands...In 2005, the project was upgraded to an Environmental Impact Statement, and the Federal Aviation Administration published a notice of opportunity for commercial air tour operators granted interim operating authority to review and self-correct annual authorizations. In 2008, Federal Aviation Administration and National Park Service staff met with Hawai'i air tour operators, and acoustic monitoring of three sites at Hawai'i Volcanoes National Park was conducted. In 2011, a preliminary draft Air Tour Management Plan for Hawai'i Volcanoes National Park was published, but...seven years later, in 2018, there [was] still no final Air Tour Management Plan for Hawai'i Volcanoes National Park...In addition, after more than sixteen years, no Air Tour Management Plan for any national park in the nation has been completed...”

How can our residents be asked to tolerate the status quo when it has been over a decade since the Federal Aviation Administration and National Park Service asked for comments on an Air Tour Management Plan Environmental Assessment, and eight years since a preliminary draft Air Tour Management Plan for Hawai'i Volcanoes National Park was published. That is an outrage.

I would urge a No vote on HB 421, HD2, at least until the helicopter industry proves itself to be a better neighbor, it is established that “quiet technology” actually makes a difference, and this Legislature determines that the benefits to the broader community of this tax giveaway outweigh the benefits to the helicopter industry.

If something must be done to help these companies, please consider replacing the contents of HB 421, HD2 with the approach in SB 1069, SD1, which was approved by the Senate last week. SB 1069, SD1 offers a tax credit for installation of “noise canceling technology,” and restricts the hours of helicopter flights. Given the noise complaints that helicopters generate, such legislation might be welcome news, but only if it makes a meaningful difference. Therefore, if this route is taken, I still would ask this Committee to be as stringent as it deems reasonable. Even in return for the benefit of “only” a tax credit, the helicopter industry should be required to become a responsible and considerate corporate member of our community, and it is not there yet.

Respectfully Submitted,



Harry Kim
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