

# Airline project under way

**By William Kresnak**

Advertiser Capitol Bureau Chief

State and Continental Airlines officials yesterday broke ground for a \$24 million jumbo-jet maintenance facility, two weeks after Gov. Ben Cayetano signed into law tax breaks for the project.

Continental President Greg Brenneman said the tax breaks — estimated to be worth at least \$1.2 million — were critical for his airline in deciding to build in Hawaii rather than Guam or Saipan. The facility wouldn't be economically feasible without the breaks, he said.

The new law, which takes effect July 1, exempts the building and operation of aircraft maintenance facilities from the general excise tax.

Critics have complained that the governor and state lawmakers should offer help to all businesses rather than target specific companies or industries for special treatment.

"Sure, new money is coming in, but we're still all burdened by a high level of taxes that makes it difficult for business to make a profit," said Lowell

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# Airline: Ground broken for \$24 million jet facility

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Kalapa, executive director of the Tax Foundation of Hawaii, a group that studies fiscal matters and is supported primarily by businesses.

Continental probably would have located its jumbo-jet maintenance hangar in Hawaii even without tax breaks, Kalapa said, because "Saipan has humidity at 95 percent a day, and Guam has brown tree snakes. It's not attractive for workers."

Cayetano said the revenue lost by giving Continental tax breaks will be more than offset by revenue generated by building the facility in Hawaii.

"This jumbo-jet maintenance facility is a first for Hawaii but probably not the last," he said. "Other major airlines have expressed serious interest to follow Continental's lead and take advantage of the tax break I just signed into law."

Cayetano declined to name the other airlines. But Joseph

Blanco, the governor's executive assistant for economic development, said United, Hawaiian and Aloha airlines have expressed interest.

Continental's maintenance facility will be built at Honolulu airport on 4.2 acres of state land next to Continental's Chelsea In-flight Catering Kitchen on Lagoon Drive. Blanco declined to state the lease rent, saying details haven't been worked out.

Continental hired the architectural firm of Leo Daly to do the facility planning and design. A contractor will be chosen by the first week of July, with construction starting in August.

Completion is set for March 1998.

Brenneman said 14 of the 76 people hired for the project are from Hawaii. The company can't fill all slots with local hires because employees within Continental have the opportunity to choose some assignments, he said.