

LINDA LINGLE
GOVERNOR



BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097
LATE TESTIMONY

March 15, 2010

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 506, SD 1, HD 2

COMMITTEES ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS
AND
CONSUMER PROTECTION & COMMERCE

The Department of Transportation supports SB 506, SD 1, HD 1 as the proposed changes to 103D-309 allows the State or County to certify the utility's share of a contract through a legal agreement instead of requiring these funds to be provided upfront in order to certify the availability of funds for a construction project.

In the past, disagreements between the State and utilities on the interpretation of 103D-309 have resulted in utilities refusing to provide funds upfront, and the State being required to front the utility's share of construction funds in order for a construction project to move forward. This practice unnecessarily locked up State funds that could have otherwise been used for other projects. The proposed changes to 103D-309 will allow utilities to make progress payments instead of upfront the funds, a transaction format that they would prefer, provided a memorandum of agreement is reached with the State or County agency. This will allow the utilities to also hold onto their funds until the actual utility work is physically started, which can sometimes be one to two years after the original funds were required for certification. This arrangement would be a much fairer relationship between the utilities and the State or Counties.