

HB 550, HD 1

Measure Title: RELATING TO TELEVISION.

Report Title: Cable Operator Franchise Fees; Television; Reviews; Audits

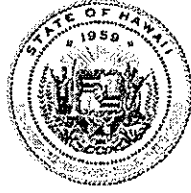
Description: Requires the auditor to analyze the allocation of cable operator franchise fees. Requires a performance review or audit of Olelo Community Television. Appropriation. Effective July 1, 2030. (HB550 HD1) (\$)

Companion:

Package: None

Current Referral: CPN, WAM

Introducer(s): TOKIOKA, CHONG, SAY, Har, B. Oshiro



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

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KEALI'I S. LOPEZ
INTERIM DIRECTOR

EVERETT S. KANESHIGE
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Date: March 17, 2011
Time: 10:00 a.m.

TESTIMONY ON H.B.550, H.D. 1 – RELATING TO TELEVISION.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (Department) appreciates the opportunity to testify in support of the intent of H.B. 550, H.D. 1, Relating to Television. My name is Everett Kaneshige, and I am the Department's Deputy Director.

Section 1 of H.B. 550, H.D. 1 proposes an analysis of the allocation of cable operator franchise fees to: "(1) Public, education, and government access organizations; (2) Hawaii Public Television Foundation; and (3) the department of commerce and consumer affairs' cable television division to determine the basis and rationale for the distribution of amounts to each entity for fiscal years 2008, 2009, and 2010 and to determine whether the rationale for distribution includes audit costs, and by whom."

The Department supports the analysis in section 1.

Section 2 of H.B. 550, H.D. 1 directs the auditor to “contract for a performance review or audit of ‘Ōlelo Community Television to determine the effectiveness with which it implements its programs and uses its allocated resources” and that “the review or audit shall include but not be limited to an examination of financial records, overall financial health and the use of allocated resources in relation to the services provided, programming results and effectiveness and operating expenses.”

The Department is supportive of the intent expressed in section 2. However, the Department would like to point out that Ōlelo is required to provide the Department with audited financial statements on an annual basis and that information concerning ‘Ōlelo’s programs and resources is provided to the Department which is posted on the Department’s webpage. (This information can be found here: http://hawaii.gov/dcca/catv/peg_access_center). Notwithstanding this, if the Committee still feels it is appropriate to proceed with the audit and review of ‘Ōlelo, the Department would be willing to take the lead on conducting the audit/review.

Thank you for the opportunity to testify on this measure. I would be happy to answer any questions that the committee might have.

March 16, 2011

The Honorable Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
Hawaii State Senate
415 S. Beretania Street, Room 230
Honolulu, HI 96813

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Roy K. Amemiya, Jr.
Interim President/CEO

Dear Chair Baker, Vice Chair Taniguchi, and members of the committee;

Subject: Comments on HB 550 HD 1 Relating to Television

My name is Roy Amemiya, President and CEO of 'Ōlelo Community Media. We offer the following comments on HB 550 HD1.

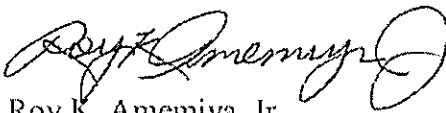
The bill calls for the legislative auditor to conduct an analysis of the allocation of cable operator franchise fees and to contract for a performance review or audit of 'Ōlelo Community Media. We do not oppose the two objectives of this bill, however point out that our primary regulator, the DCCA, already has the authority to accomplish both objectives. In 2005, DCCA commissioned and received a comprehensive audit report of 'Ōlelo conducted by a third party accounting and consulting firm. This report is public record and is available on the DCCA website.

Additionally, 'Ōlelo is required to provide both audited financial statements as well as performance reports on an annual basis. These are filed with the DCCA and likewise available on the DCCA website.

Accordingly, given the proactive actions being taken by our primary regulator, as well as the reporting currently required of 'Ōlelo and all PEGs, we ask this committee to consider the time and expense burden for our organization and the State when determining whether to add more oversight requirements.

Thank you for this opportunity to testify.

Aloha,



Roy K. Amemiya, Jr.
Interim President and CEO