

Honolulu, Hawaii

March 2, 2012

RE: H.B. No. 2524
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Finance and Legislative Management, to which was referred H.B. No. 2524, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE REGULATION OF
TELECOMMUNICATIONS AND CABLE TELEVISION SERVICES,"

beg leave to report as follows:

The purpose of this measure is to update the State's broadband and telecommunications infrastructure by, among other things:

- (1) Establishing a Communications Division within the Department of Commerce and Consumer Affairs, to be headed by a Communications Commissioner;
- (2) Granting general regulatory supervision over all telecommunications carriers and cable operators to the Communications Commissioner and transferring certain regulatory functions from the Public Utilities Commission to the Communications Division;
- (3) Requiring the Communications Commissioner to develop programs and initiatives to encourage and facilitate the deployment of broadband services and access to those services by users in the State; and
- (4) Making conforming amendments to existing statutes.



Prior to the hearing, Your Committee circulated a Proposed H.D. 2. The Proposed H.D. 2 amends the H.D. 1 as follows:

- (1) Deletes the proposed new chapter to the Hawaii Revised Statutes contained in H.D. 1, establishing the Communications Division and the Communications Commissioner;
- (2) Adds a new chapter to the Hawaii Revised Statutes, which establishes a Telecommunications and Cable Television Services Commission, within the Department of Business, Economic Development, and Tourism for administrative purposes, with general regulatory supervision over telecommunications carriers and cable operators. The new chapter retains, for the most part, the regulatory requirements pertaining to telecommunications carriers that is presently contained in Chapter 269, Hawaii Revised Statutes, and cable operators that is presently contained in Chapter 440G, Hawaii Revised Statutes;
- (3) Transfers general regulatory supervision over cable operators from the Department of Commerce and Consumer Affairs to the Telecommunications and Cable Television Services Commission, effective July 1, 2012;
- (4) Transfers general regulatory supervision over telecommunications carriers from the Public Utilities Commission to the Telecommunications and Cable Television Services Commission, effective July 1, 2013;
- (5) Provides for a transition period from the current regulatory structure to the structure provided in the measure; and
- (6) Makes conforming amendments to existing statutes.

The Department of Commerce and Consumer Affairs testified in support of this measure. The Office of the Governor; Department of Business, Economic Development, and Tourism; Public Utilities Commission; Office of Information Practices; AT&T; and Hawaiian Telcom commented on this measure. Your Committee also received written comments on the measure from the Department of Human Resources Development.

Your Committee finds that consolidating governmental oversight responsibilities for telecommunications carriers and



cable operators into one commission will facilitate the operations of those entities, by providing them with a distinct, knowledgeable governmental body to look to with their concerns and problems. Furthermore, because the regulatory requirements remain essentially the same in this measure as they were in Chapter 269 and Chapter 440G, Hawaii Revised Statutes, telecommunications carriers and cable operators will be able to continue their operations without undue concern about the need to become acquainted with and adhere to new regulatory requirements.

Your Committee also finds that the Telecommunications and Cable Television Services Commission, as established in the Proposed H.D. 2, is an appropriate body to identify and address the needs of the State's telecommunications and cable operations, including broadband services.

Your Committee has amended the Proposed H.D. 2 by:

- (1) Changing the phrase "retail telecommunications service" to "retail telecommunications basic exchange service" in section -24 of the new chapter;
- (2) Deleting sections -29 to -32 of the new chapter, pertaining to securities, voting stock, acquirement of stock, and merger and consolidation, and renumbering the remaining sections and internal references in the new chapter and in the conforming amendments; and
- (3) Changing the effective date to March 15, 2034, to facilitate further discussion.

As affirmed by the records of votes of the members of your Committees on Finance and Legislative Management that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2524, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 2524, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committees on Finance and
Legislative Management,


KYLE W. YAMASHITA, Chair


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 910-12

Record of Votes of the Committee on Finance

Bill/Resolution No.: <i>HB 2524 HD1</i>	Committee Referral: <i>ERB, CPC, FIN/LMG</i>	Date: <i>3/1/12</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. CHOY, Isaac W.	✓			
4. CULLEN, Ty	✓			
5. GIUGNI, Heather	✓			
6. HAR, Sharon E.	✓			
7. HASHEM, Mark J.	✓			
8. ICHIYAMA, Linda	✓			
9. JORDAN, Jo	✓			
10. KAWAKAMI, Derek S.K.	✓			
11. LEE, Chris	✓			
12. MORIKAWA, Dee	✓			
13. TOKIOKA, James Kunane	✓			
14. YAMASHITA, Kyle T.	✓			
15. MARUMOTO, Barbara C.		✓		
16. RIVIERE, Gil	✓			
17. WARD, Gene	✓			
TOTAL (17)	<i>16</i>	<i>1</i>	<i>0</i>	<i>0</i>
The recommendation is:	<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)			
Vice Chair's or designee's signature:	<i>Marilyn B. Lee</i>			
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