

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2267, H.D. 1, S.D. 1

March 29, 2012

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST CLEARCOM, INC., IN THE DEVELOPMENT OF BROADBAND INFRASTRUCTURE IN HAWAII

House Bill No. 2267, H.D. 1, S.D. 1, authorizes the issuance of up to \$100,000,000 in special purpose revenue bonds (SPRBs) to assist Clearcom, Inc., or a partnership headed by Clearcom, Inc., with the planning, permitting, designing, constructing, equipping and operating of broadband infrastructure at locations through the State pursuant to Part V (Assisting Industrial Enterprises), Chapter 39A, Hawaii Revised Statutes (HRS).

The Department opposes this bill. According to the State's bond counsel, broadband infrastructure projects are not eligible for federal tax- exempt financing unless such projects are governmentally-owned. Please be advised that the House Finance Committee is deliberating Senate Bill No. 2236 which is similar in objective to House Bill No. 2267. However, we understand that the Department of Business Economic Development and Tourism and the Department of the Attorney General are working with the House Finance Committee to develop a House Draft 2 (to Senate Bill No. 2236) that will make the necessary revisions to Chapter 39A, HRS, to allow SPRBs to be issued for broadband use, such as requested by Clearcom, Inc.

Thank you for the opportunity to testify on this measure.