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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 19, 2014
3:00 PM
State Capitol, Conference Room 308

In consideration of

HB 1741
RELATING TO COUNTY INFRASTRUCTURE
CAPACITY BUILDING CONSTRUCTION FINANCING

Chair Luke, Vice-Chairs Nishimoto and Johanson, and Members of the
Committee.

Thank you for the opportunity to testify on H.B. 1741, which would establish a revolving fund to provide loans to counties, state agencies, or private developers for infrastructure improvements that would increase the capacity of infrastructure facilities, including regional sewer, water, drainage systems, and roads to accommodate future growth.

DBEDT supports the intent of this measure but defers to the Department of Budget and Finance on concerns related to its implementation and unknown costs.

Thank you for the opportunity to testify.



NEIL ABERCROMBIE
GOVERNOR

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TO THE HOUSE
COMMITTEE ON FINANCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Date: Wednesday, February 19, 2014
Time: 3:00 p.m.

TESTIMONY ON H.B. NO. 1741 – RELATING TO COUNTY INFRASTRUCTURE
CAPACITY BUILDING CONSTRUCTION FINANCING.

TO THE HONORABLE SYLVIA LUKE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Catherine Awakuni, and I am the Cable Television Administrator at the Department of Commerce and Consumer Affairs (the “**Department**”). The Department appreciates the opportunity to express its **support** for the intent of H.B. No. 1741, and strongly recommends an amendment for consideration by the Committee to specifically include telecommunications and broadband infrastructure construction under the bill.

H.B. 1741 provides a supplemental financing incentive that will encourage planned increases in infrastructure capacity to better support growth and mitigate impacts in targeted areas for development. Specifically, the bill creates a revolving fund to provide loans to counties, state agencies, and private developers for infrastructure construction that increases capacity to accommodate future growth.

The bill currently provides “regional sewer, water, and drainage systems and roads” as examples of the types of infrastructure facilities that may be funded. Telecommunications as well as broadband infrastructure also constitute critical infrastructure for planned development and growth, and should at a minimum be considered in, and may often be included with, the planning and construction of other infrastructure to efficiently utilize government resources and to minimize the disruption caused by construction.



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The Department thus strongly recommends that telecommunications and broadband infrastructure be included in this language to clearly allow funding for its construction under the bill. Specifically, the Department recommends that the language of the bill be revised at page 6, lines 13-14, and at page 7, lines 9-10, to include “telecommunications and broadband.”

With this amendment, H.B. 1741 will provide opportunities to increase broadband infrastructure across the State. In so doing, it will help to advance objectives set out in the State Plan and by the Hawaii Broadband Task Force, formed by the Legislature in 2007, as well as efforts by the Department and other agencies under Governor Abercrombie’s Hawaii Broadband Initiative (HBI) to increase access to broadband services vital to the future of our State’s economy and to the health, welfare and quality of life of all our residents.

Thank you for the opportunity to provide testimony and for your consideration of the amendment proposed above.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 19, 2014 at 3:00 P.M.
State Capitol Conference Room 308**

**RE: HOUSE BILL 1741 RELATING TO COUNTY INFRASTRUCTURE CAPACITY BUILDING
CONSTRUCTION FINANCING**

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee:

The Chamber **supports** H.B. No. 1741, which proposes to establish a revolving fund to provide loans to counties, state agencies, or private developers for infrastructure improvements.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

The deterioration of basic backbone infrastructure is a problem both nationally and locally. Keeping up with the need to increase infrastructure capacity to support future growth is essential for not only our economic growth but also to improve our quality of life.

A range of new and innovative approaches are being utilized across the nation to address alternative methods to finance government infrastructure needs. A Public-Private-Partnership (P3’s) is one example of how government was able to attract private investment to pay for the upfront cost of a government infrastructure project with the private investor being paid back over time for a particular project.

In 2012, Chicago created the Chicago Infrastructure Trust which essentially sought private investors to fund infrastructure improvements for the City. We understand that the Trust is undertaking a project to improve the energy performance of schools in Chicago with the investors being paid from the savings created. This is similar to what DAGS has done with the State buildings on Oahu.

While there appears to be a track record of individual projects or agencies that have been successful at funding infrastructure through private investors, there does not appear to be too many situations where one entity can “put the whole package together.” The Chicago Infrastructure Trust is the first attempt that we know of to approach infrastructure from a comprehensive standpoint.

We realize that there are still many questions that need to be addressed on how the proposed bill would be implemented such as:

- Is there an appetite for private investors to invest in infrastructure capacity building in Hawaii?
- Who are some of the critical “players” that need to be at the table to insure a successful project in Hawaii?



Chamber *of* Commerce HAWAII

The Voice of Business

- How would we select and prioritize the projects to be funded through this new method of financing?

The bill is the first step to start the discussion on how to shape public policy to allow for an innovated way to finance infrastructure capacity building in Hawaii. We look to the legislature to provide the “political will” to move the discussion forward to address a critical need in Hawaii.

Thank you for the opportunity to express our views on this matter.



The Pacific Resource
PARTNERSHIP



Testimony of Cindy McMillan
The Pacific Resource Partnership

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair

HB 1741 – Relating to County Infrastructure Capacity Building Construction
Wednesday, February 19, 2014
3:00 PM
Conference Room 308

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the Committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP **supports** HB 1741 – Relating to County Infrastructure Capacity Building Construction, which establishes a revolving fund to provide loans to counties, state agencies, or private developers for infrastructure improvements.

According to a new report from the American Society of Civil Engineers, Hawaii's roads, bridges, schools, parks, drinking water and wastewater facilities are in serious disrepair and are in need of about \$6 billion in upgrades over the next twenty years.

The infrastructure capacity construction loan revolving fund will assist counties, state agencies and private developers with infrastructure improvements that would increase the capacity of the infrastructure facilities. Although the primary responsibility for basic municipal infrastructure needs continues to rest with the counties, much of the work will not be done if state assistance is not provided.

Thank you for the opportunity to share our views and we humbly request your favorable consideration on HB 1741.