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TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014
Date: March 10, 2014
Time: 2:00 p.m.

WRITTEN TESTIMONY ON
SB NO. 1236 SD1 HD1 - RELATING TO FIBER OPTICS

TO THE HONORABLE REPRESENTATIVE ANGUS L.K. MCKELVEY, 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 **supports the intent** of SB No. 1236 SD1 HD1, which requires installation of broadband wireline infrastructure that can accommodate a fiber optic cable system in every "new condominium subject to chapter 514B" or "new planned community." The Department also recommends amendments below to: (1) place the proposed section under Chapter 46, HRS; and (2) exclude structures converted to condominiums.

The Department is one of three lead agencies supporting the Hawaii Broadband Initiative (HBI) to provide statewide access to affordable, high speed broadband services necessary to build a vibrant economy and to improve the quality of life for our residents. The Department believes that the bill, in its current form and with the amendments suggested below, offers a balanced approach that advances broadband infrastructure deployment while recognizing the varying needs and circumstances of consumers across the State.

Specifically, the amended bill requires installation of infrastructure for fiber optic cable systems that can also accommodate alternative wireline technologies in new condominium and planned community developments. At the same time, however, the bill provides the flexibility necessary to address rapid advancements in technology as

well as to avoid undue financial burden on homeowners who may not need, or be able to fully utilize, a fiber optic system because of their rural locales. Although providers continue to expand the fiber telecommunications backbone across the State, there will likely remain remote and sparsely populated areas that will not have access to wireline-based fiber networks for broadband service. For these residents and for others, evolving copper and wireless technologies that can or will soon allow gigabit speed capability may provide more feasible, practical, and affordable options.

The Department recommends the following amendments. Because this bill imposes county permitting requirements and allows for county establishment of procedures and standards to implement the proposed section, the Department believes that the section is more appropriately placed within Part I of Chapter 46, HRS. Further, the Department notes that, if the intent of the bill is to subject only planned communities under Chapter 421J, HRS, to the requirements under the proposed section, then reference to that chapter should be made. If the intent is otherwise, then the Department recommends that a definition of "planned community" be inserted.

Lastly, the Department believes that the proposed language could be read to impose the bill's infrastructure requirements on condominium conversions of Ohana dwellings, single family homes, and existing structures, to the extent a building permit may be required for improvements. For this reason, the Department suggests that the bill be amended to exclude these types of "new" condominiums, for which the required improvements under this bill could pose a substantial burden.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

Amended Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development & Tourism

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Monday, March 10, 2014
2:00 p.m.
State Capitol, Conference Room 325

in consideration of

SB 1236, SD1, HD1
RELATING TO FIBER OPTICS.

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee.

SB 1236, SD 1, HD1, requires installation of fiber optic cable systems in all new condominiums and planned communities.

As a partner in the Hawaii Broadband Initiative, the Department of Business, Economic Development and Tourism (DBEDT) **strongly supports** expansion of broad band infrastructure and access throughout the State of Hawaii. Equipping the people of Hawaii with a wire-line or wireless system will provide the foundation to maintain global economic competitiveness and will serve as a catalyst to drive innovation.

DBEDT supports OIMT's comments that the definition of condominiums exclude small scale CPRs, ohanas, and single-family homes. Therefore, fiber infrastructure for condos will be limited to large development projects, such that any costs of bringing fiber to the building will be proportionally dispersed among HOA. The cost for running fiber and copper within a building is roughly the same according to providers. State and county agencies should require implementation of broadband infrastructure for disaster management and emergency response purposes.

DBEDT defers comment on the adoption of the rules and standards to the responsible regulatory agencies. Thank you for the opportunity to offer comments on this bill.

SB 1236 SD1 HD1

RELATING TO FIBER OPTICS

**KEN HIRAKI
VICE PRESIDENT – GOVERNMENT & COMMUNITY AFFAIRS
HAWAIIAN TELCOM**

March 10, 2014

Chair McKelvey and members of the Committees:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on SB 1236 SD1 HD1 -
Relating to Fiber Optics.

Hawaiian Telcom supports SB 1236 SD1 HD1 as an innovative and creative approach for promoting the deployment of advanced broadband speeds and capabilities. As the late Senator Daniel K. Inouye once proclaimed at a congressional hearing on the importance of broadband:

“Broadband matters because broadband communications have become the great economic engine of our time. Broadband deployment drives opportunities for business, education, and healthcare...Add to this hundreds of millions of dollars in savings through e-government and telemedicine initiatives and untold riches we can reap by tapping the genius of web-based entrepreneurs in every corner of this country. The case for better broadband is clear.”

Passage of this bill will allow homeowners to access the most advanced broadband services available in Hawaii. Simultaneously, stimulating household demand for advanced broadband services incentivizes broadband providers to upgrade its broadband infrastructure. Supporting measures such as SB 1236 SD1 HD1 are important if Hawaii is to reach its broadband goals of providing residents throughout the state with advanced broadband services second to none.

Based on the aforementioned, Hawaiian Telcom respectfully requests that this measure be adopted. Thank you for the opportunity to testify.

March 10, 2014

The Honorable Angus L.K. McKelvey, Chair
House Committee on Consumer Protection & Commerce
State Capitol, Room 325
Honolulu, Hawaii 96813

RE: S.B. 1236, S.D. 1, H.D.1, Relating to Fiber Optics

HEARING: Monday, March 10, 2014, at 2:00 p.m.

Aloha Chair McKelvey, Vice Chair Kawakami, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,300 members. HAR **submits comments** on S.B. 1236, S.D.1, H.D.1, which requires the installation of fiber optic cable systems in new condominiums and planned communities.

Communities on the different islands may be remote and present geographical and topographical (i.e. lava) challenges in complying with this measure. As such, HAR believes there should be exceptions made to this mandatory requirement. Additionally, different communities may need access to different technologies, such as wireless, due to its location, geography, infrastructure or topography.

Discussion with the counties, appropriate government agencies and developers could help determine if such a requirement is feasible and the challenges that each county may face.

Additionally, a Condominium Property Regime subject to HRS 514B is not only a high-rise. A condominium under the law could be a 2 or 3-unit detached single-family home.

Should the committee be inclined to pass this measure, we request the following amendments to reference the appropriate Hawai'i Revised Statute Chapter relating to planned community associations and clarify that this measure does not apply to single-family homes on a CPR lot.

Page 1, line 11:

"...new condominium, with 10 or more units, subject to chapter 514B..."

Page 1, line 12:

"... or a new planned community subject to chapter 421J..."

Mahalo for the opportunity to testify.