

STAND. COM. REP. NO.

613

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 1213  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1213, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO UTILITY FRANCHISES,"

begs leave to report as follows:

The purpose and intent of this measure is to provide that one-half of the franchise tax paid by electric light and power public utilities be allocated to the Department of Transportation Highways Division to fund the operation and maintenance of state highway facilities.

Your Committee received written comments in opposition to this measure from the City and County of Honolulu and the Hawaii Council of Mayors.

Your Committee finds that electric utilities in Hawaii have long benefited from the free use of public rights-of-way along state highways. The 1954 joint pole agreement between the Territory of Hawaii and the counties allowed for free leases of public rights-of-way to the franchise utilities for placement of power poles and other utility facilities. Your Committee notes that public utilities historically have charged cable and communications companies for the use of their utility poles located in these rights-of-way, but have remitted none of these profits to the State, which owns the rights-of-way. The Department of Transportation Highways Division is responsible for the repair, removal, relocation, or replacement of public utility company infrastructure that impacts public highway projects.

SB1213 SD2 SSCR 13-1723 .doc



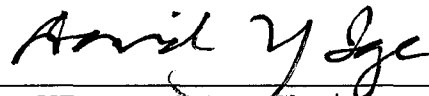
However, none of the franchise tax paid by public utility companies under section 240-1, Hawaii Revised Statutes, is paid to the State. Your Committee further finds that payment of a percentage of the utility franchise tax to the Department of Transportation, for deposit into the state highway fund, would compensate the State for the public utility's use of the public rights-of-way and provide a financial resource for the State to maintain and operate its highways, including the public rights-of-way and utility systems located along the highways.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion on the measure; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1213, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1213, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
DAVID Y. IGE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* SB 1213, S D 1	Committee Referral: TIA, WAM	Date: 2-21-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.		✓		
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	11	1	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:right; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes