



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**LUIS P. SALAVERIA**  
Director  
Department of Business, Economic Development and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Thursday, February 22, 2018  
1:30 p.m.  
State Capitol, Conference Room 308

in consideration of  
**HB 2236, HD1**  
**RELATING TO GOVERNMENT OPERATIONS.**

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully offers **comments** with strong concerns on HB 2236, HD1, Relating to Government Operations.

HB 2236, HD1 transfers the regulatory functions over telecommunications and cable TV from the Public Utilities Commission (PUC) and the Department of Commerce and Consumer Affairs (DCCA) to DBEDT. In addition, the bill transfers the Broadband Advisory Council (BAAC) from DCCA to DBEDT.

DBEDT is concerned because its primary mission is economic development and community development, which consists of promotion and advocacy of industry sectors that contribute to the growth of Hawaii's economy. With the exception of land use regulation by attached agencies, the Land Use Commission, the Office of Planning, and the Hawaii Community Development Authority, DBEDT does not have experience in carrying out regulatory functions.

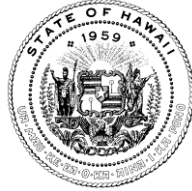
DBEDT is a strong and committed advocate for the expansion of broadband in order for Hawaii to stay competitive in the global economy. We believe that Hawaii's economic future depends on new transpacific cables landing in Hawaii and telecommunications carriers investing in 4G and 5G infrastructure in Hawaii.

DBEDT is grateful to the Legislature for adding the DBEDT Director as an ex-officio seat on the BAAC last year. The BAAC, under the direction of the DCCA Director, has been an excellent forum for fostering dialogue and collaboration between the broadband industry, elected officials representing consumers, and state and county departments that are part of the deployment infrastructure for increased broadband coverage.

If additional resources were available, DBEDT could support the transfer of the BAAC to DBEDT as part of a multi-step effort to increase DBEDT's support for the enhancement of broadband for all of Hawaii's businesses and citizens. However, the strong, experienced staff that currently supports the BAAC is also part of the Cable TV Division's regulatory function and benefits from the cable franchise fee revenue.

DBEDT believes this measure could be the start of discussions about role of broadband in economic development, but at this time we still have concerns about compatibility between the functions of regulation and industry advocacy.

Thank you for the opportunity to offer comments on HB 2236, HD1.



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TO THE HOUSE COMMITTEE ON  
FINANCE

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Thursday, February 22, 2018  
1:30 p.m.

**TESTIMONY ON H.B. NO. 2236, H.D. 1, RELATING TO GOVERNMENT  
OPERATIONS.**

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

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 2236, H.D. 1, Relating to Government Operations. My name is Ji Sook “Lisa” Kim, and I am the Administrator of the Department’s Cable Television Division. The Department has strong concerns regarding this bill and provides the following comments.

This bill transfers to the Department of Business, Economic Development and Tourism (“DBEDT”) jurisdiction over cable television and the Broadband Assistance Advisory Council (“BAAC”) from the Department and over telecommunications carriers from the Public Utilities Commission.

The Department supports DBEDT’s position regarding the transfer of the BAAC to DBEDT. However, consistent with DBEDT’s position, the Department has strong concerns regarding the transfer of the Department’s cable television regulatory functions to DBEDT. The Department questions whether the regulatory functions over cable television would be consistent with DBEDT’s primary mission and duties and

whether it would detract the agency from focusing on its primary functions in planning for and promoting innovative economic growth for the State.

Further, the Department notes that such an extensive transfer of regulatory authority and duties requires careful, judicious study of the necessary statutory amendments and timeline of the transfer, both to ensure that no gaps in regulation result and to avoid any unintended consequences that would be detrimental to the public's interest. The Department has not had sufficient time for such a review.

Thank you for the opportunity to testify on this bill.

Written Statement of  
**Ani Menon**  
**Director of Government & Community Affairs**

**HOUSE COMMITTEE ON FINANCE**

February 22, 2018 1:30PM  
State Capitol, Conference Room 308

**IN OPPOSITION TO:**

**H.B. NO. 2236 H.D.1 RELATING TO GOVERNMENT OPERATIONS**

To: Chair Luke, Vice Chair Cullen, and Members of the Committee

Re: **Testimony opposing HB2236 HD1**

Aloha Honorable Chair, Vice-Chair, and Committee Members:

Thank you for this opportunity to submit testimony opposing HB2236 HD1. This measure seeks to transfer jurisdiction over cable TV and the Broadband Assistance Advisory Council from the Department of Commerce and Consumer Affairs (DCCA) - and telecommunication providers from the Public Utilities Commission (PUC) - to the Department of Business, Economic Development, & Tourism (DBEDT). It also proposes to establish a commissioner of telecommunications, create a special fund in DBEDT for cable TV and telecommunications carriers, and requires the Broadband Assistance Advisory Council to advise the Director of DBEDT on broadband deployment.

As a cable operator and telecommunications provider, Hawaiian Telcom is regulated by both the DCCA and PUC. We understand the complexity of the subject matter, regulatory framework, and depth of processes related to regulating cable TV and telecommunications providers. The DCCA and PUC have extensive institutional knowledge, subject matter experts, and the technical expertise needed to oversee regulatory affairs relating to cable TV and telecommunications.

The amount of time needed for DBEDT to acquire the same institutional knowledge retained by the DCCA and PUC will cause unnecessary delays, uncertainty, and will disrupt the regulatory process.

Thank you for this opportunity to testify in opposition to HB2236 HD1, and request that this measure not move forward.