



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/12/2018

Time: 01:30 PM

Location: 414

Committee: Senate Economic Development,
Tourism, and Technology

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 2088 RELATING TO BROADBAND SERVICE.

Purpose of Bill: Requires a provider of broadband internet access services to be transparent with network management practices, performance, and commercial terms of its broadband internet access services. Prohibits a provider of broadband internet access services from blocking lawful websites, impairing or degrading lawful internet traffic, engaging in paid prioritization, or interfering with or disadvantaging users of broadband internet access services.

Department's Position:

The Department of Education supports SB2088 which ensures equal, free, and unrestricted Internet access in the State of Hawaii. Access to the Internet and information enables the Department to continue providing educational content and technology experiences to our students.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

Written Statement of
Ani Menon
Director of Government & Community Affairs

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM,
AND TECHNOLOGY**

February 12, 2018 1:30PM
State Capitol, Conference Room 414

COMMENTS FOR:

S.B. NO. 2088 RELATING TO BROADBAND SERVICE

To: Chair Wakai, Vice Chair Taniguchi, and Members of the Committee
Re: **Testimony providing comments for SB2088**

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

Thank you for this opportunity to submit comments on SB2088.

The concerns that have inspired the proposed requirements listed within this measure are understandable in light of the Federal Communications Commission's recent decision to repeal net neutrality rules.

Hawaiian Telcom maintains its publicized position that we do not interfere with the lawful online practices of our customers. It has never been our intention to have the capability to interfere with our customers' access – we do not engage in paid prioritization, block lawful websites, throttle internet speed, or otherwise interfere with our customers' lawful internet use. We do not impair or degrade lawful internet traffic, and instead focus our attention on delivering high speed internet access as Hawaii's Technology Leader.

Our full terms and conditions are accessible online at hawaiiantel.com.

Thank you for the opportunity to provide these comments.



TESTIMONY OF CHARTER COMMUNICATIONS

Senate Committee on Economic Development, Tourism, and Technology

Hawai'i State Capitol, Conference Room 414

RE: S.B. 2088

MONDAY, FEBRUARY 12, 2018

1:30 PM

Aloha Chair Wakai, Vice Taniguchi and Members of the Committee,

I am Myoung Oh, Director of State Government Affairs, here on behalf of Charter Communications in **opposition** to S.B. 2088.

Charter Communications is a dedicated community partner in Hawai'i. We currently have over 3,500 Wi-Fi hotspots deployed throughout the islands with a commitment to provide hundreds more in 2018. We employ 1,400 Hawai'i residents and contribute to Hawai'i's economy with over \$50 million in taxes.

We have also raised our base-level broadband speed to 200 Mbps for new customers and have launched Spectrum Internet Assist, our low-cost broadband program, for low-income families and seniors, which at 30 Mbps, will be the fastest program of its kind offered by any broadband provider, and we believe will have a tremendous positive impact on the communities we serve in Hawai'i.

Charter supports an Open Internet and we believe S.B. 2088 is unnecessary. Charter does not slow down, block, or discriminate against lawful content. Instead, we extend customer-friendly practices of "no data caps or usage-based billing." We do not interfere with the online activities of our customers and have no plans to change our practice.

We believe legislation, if any, should be guided by Congress and be nationally uniform, flexible and technology-neutral, while also providing clear rules of the road for companies. Privacy regime should apply to all sectors of the internet ecosystem. This includes national legislation that better defines the roles of the FTC and the Federal Communications Commission (FCC) that is consistent and comprehensive.

We ask the committee defer this measure to allow additional time for Congress to provide bi-partisan guidance that is holistic and applicable to all sectors of the internet ecosystem. The open internet has broad bi-partisan support and Congress has clear constitutional authority to permanently protect the open internet.

Mahalo for the opportunity to testify.

JAN 19 2018

A BILL FOR AN ACT

RELATING TO BROADBAND SERVICE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that it is essential to
2 ensure that people can access websites and information freely
3 and fairly over the Internet, which provides worldwide
4 communication and a platform for a global marketplace where even
5 the smallest businesses can participate. In 2015, the Federal
6 Communications Commission adopted strong rules and regulations
7 to protect internet users, as all content over the internet was
8 treated equally and without preferential treatment. However,
9 the more recent Federal Communications Commission's ruling to
10 repeal net neutrality deregulates the internet service industry,
11 jeopardizing the future of access to websites and information
12 and creating an environment that could allow internet service
13 providers the opportunity to limit or prioritize certain access
14 to information at their discretion.

15 The purpose of this Act is to ensure that the Internet
16 remains free and open in the State by:



1 Communications Commission finds to be functionally equivalent,
2 by wire or radio that provides the capability to transmit data
3 to and receive data from all or substantially all internet
4 endpoints, including any capabilities that are incidental to and
5 enable the operation of the communications service, but
6 excluding dial-up internet access service.

7 "Edge provider" means any individual or entity that
8 provides any content, application, or service over the Internet,
9 and any individual or entity that provides a device used for
10 accessing any content, application, or service over the
11 Internet.

12 "End user" means any individual or entity that uses a
13 broadband internet access service.

14 "Mobile broadband internet access service" means a
15 broadband internet access service that serves end users
16 primarily using mobile stations.

17 "Paid prioritization" means the management of a broadband
18 provider's network to directly or indirectly favor some traffic
19 over other traffic, including through the use of techniques such
20 as traffic shaping, prioritization, resource reservation, or
21 other forms of preferential traffic management, either:



1 (1) In exchange for consideration, monetary or otherwise,
2 from a third party; or

3 (2) To benefit an affiliated entity.

4 "Reasonable network management" means a practice that has a
5 primarily technical network management justification, but does
6 not include other business practices. A network management
7 practice is reasonable if it is primarily used for and tailored
8 to achieving a legitimate network management purpose, taking
9 into account the particular network architecture and technology
10 of the broadband internet access service.

11 § -2 **Broadband internet access service; disclosure;**
12 **protections.** (a) A person engaged in the provision of
13 broadband internet access service in the State shall publicly
14 disclose accurate information regarding the network management
15 practices, performance, and commercial terms of its broadband
16 internet access services sufficient for consumers to make
17 informed choices regarding use of such services and for content,
18 application, service, and device providers to develop, market,
19 and maintain internet offerings.



1 (b) A person engaged in the provision of broadband
2 internet access service in the State, insofar as such a person
3 is so engaged, shall not:

4 (1) Block lawful content, applications, services, or
5 nonharmful devices, subject to reasonable network
6 management;

7 (2) Impair or degrade lawful internet traffic on the basis
8 of internet content, application, or service, or use
9 of a nonharmful device, subject to reasonable network
10 management;

11 (3) Engage in paid prioritization; or

12 (4) Unreasonably interfere with or unreasonably
13 disadvantage:

14 (A) End users' ability to select, access, and use
15 broadband internet access service or the lawful
16 internet content, applications, services, or
17 devices of their choice; or

18 (B) Edge providers' ability to make lawful content,
19 applications, services, or devices available to
20 end users;




S.B. NO. 2088

1 provided that the prohibition on paid prioritization pursuant to
2 paragraph (3) of this subsection may be permitted if a
3 petitioner demonstrates that the practice would provide some
4 significant public interest benefit and would not harm the open
5 nature of the Internet in the State."

6 SECTION 3. This Act shall take effect upon its approval.
7

INTRODUCED BY:


Breene Hunt
Amanda Bell
The Honorable
John M.
Will Lyne
Jim



S.B. NO. 2088

Report Title:

Broadband Internet Access Service; Protections; Net Neutrality

Description:

Requires a provider of broadband internet access services to be transparent with network management practices, performance, and commercial terms of its broadband internet access services. Prohibits a provider of broadband internet access services from blocking lawful websites, impairing or degrading lawful internet traffic, engaging in paid prioritization, or interfering with or disadvantaging users of broadband internet access services.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.





DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
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MARY ALICE EVANS
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY

Monday, February 12, 2018
1:30 PM
State Capitol, Conference Room 414

in consideration of
SB 2088
RELATING TO BROADBAND SERVICE.

Chair Wakai, Vice Chair Taniguchi and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of SB 2088, to ensure that the Internet remains free and open in the State.

While DBEDT believes strongly in the preservation of the principles of net neutrality and a free and open Internet, we recognize that the Federal Communication Commission's recent repeal of the Obama-era net neutrality rulings may result in Congressional action and/or states' legal challenges.

Thank you for the opportunity to offer testimony on SB 2088.



**Testimony of
Gerard Keegan
CTIA
In Opposition to Hawaii Senate Bill 2088 and Senate Bill 2644**

Before the Hawaii Senate Committee on Economic Development, Tourism & Technology

February 12, 2018

Chair Wakai, Vice-Chair Taniguchi, and members of the committee, on behalf of CTIA, the trade association for the wireless communications industry, I submit this testimony in opposition to Hawaii Senate Bill 2088 and Senate Bill 2644. CTIA and its member companies support a free and open internet. To further that goal, we believe that a national regulatory framework with generally applicable competition and consumer protections at the federal and state levels is a proven path for ensuring a free and open internet while enabling innovation and investment throughout the internet ecosystem.

The mobile wireless broadband marketplace is competitive and continuously changing. It is an engine of innovation, attracting billions of dollars in network investment each year, and generating intense competition to the benefit of consumers. From the beginning of the Internet Age in the 1990s, the Federal Communications Commission (FCC) applied a regulatory framework to internet service that allowed providers to invest, experiment, and innovate. In that time, an entire internet-based economy grew. But in 2015, the FCC took a much different approach, applying 80-year-old common-carrier mandates meant for traditional public utilities and reign in the then unchecked practices of huge monopolies, despite the fact that internet services are nothing like public utility offerings such as water or electricity or even landline telephone service.



In 2017, the FCC's *Restoring Internet Freedom Order* reversed that 2015 decision, finding that application of those 1930s utility-style rules to the internet services of today actually harms American consumers. The FCC cited extensive evidence showing a decline in broadband infrastructure investment – an unprecedented occurrence during an era of economic expansion. In the mobile broadband market alone, annual capital expenditures fell from \$32.1 billion in 2014 to \$26.4 billion in 2016. This slowdown affected mobile providers of all sizes and serving all markets. For example, small rural wireless providers noted that the 2015 decision burdened them with unnecessary and costly obligations and inhibited their ability to build and operate networks in rural America.

The FCC's overbroad prohibitions on broadband providers harmed consumers in other ways, too—particularly with respect to innovation. After the 2015 Order, the FCC launched a yearlong investigation of wireless providers' free data offerings, which allow subscribers to consume more data from certain services and content without incurring additional costs. The risk of FCC enforcement cast a dark shadow on mobile carriers' ability to innovate, compete and deliver the services that consumers demanded. In addition, the inflexible ban on paid prioritization precluded broadband providers from offering one level of service quality to highly sensitive real-time medical applications and a differentiated quality of service to email messages. The FCC's 2017 *Restoring Internet Freedom Order* takes a different path – one that will benefit consumers and enable new offerings that support untold varieties of technological innovations in health care, commerce, education, and entertainment.



Based on the way some people have talked about the *Restoring Internet Freedom Order*, you might think that the FCC eliminated federal rules that had always applied to internet services and that the federal government has left consumers without any protections. But that is just not the case. The internet was not broken before 2015, and it will not break because of the FCC's most recent decision.

The FCC has simply restored the same national regulatory framework that applied before 2015, which is credited with facilitating the internet-based economy we have today. Under that national regulatory framework, mobile wireless broadband providers have every incentive to invest in and deliver the internet services that consumers demand. In fact, there have been virtually no instances in which U.S. mobile broadband providers blocked traffic or prevented consumers from going where they wanted to on the internet. The truth is that, in a competitive market like wireless, mobile broadband providers have no incentive to block access to internet services, for if they did, their customers would simply switch providers.

Further, the FCC's *Restoring Internet Freedom* clearly provides consumers with legal protections that complement the competitive forces in play. First, the FCC retained the "transparency" rule that was adopted under President Obama's first FCC Chairman in 2010 and maintained in the 2015 decision, which requires broadband providers to publicly disclose extensive information about their network management practices to consumers and internet entrepreneurs. If a broadband provider fails to make the required disclosures, or does not live up to its commitments, it will be subject to enforcement by the FCC.



Second, by restoring to the FCC's pre-2015 view that broadband internet access is an information service and not a utility-style common carrier service like landline telephone service, the FCC restored the Federal Trade Commission's jurisdiction over broadband offerings. The FTC is the nation's lead consumer protection agency, but the 2015 decision had stripped away its authority over broadband providers. The FTC has broad authority to take action against any business whose actions are deceptive or unfair. This authority extends beyond broadband providers and includes authority over so-called edge providers. The nation's leading broadband providers have told consumers that they will not block or throttle traffic in an anticompetitive manner, and the FTC will be there to make sure they live up to those promises.

Third, the Department of Justice and FTC enforce federal antitrust laws, which, as the *Restoring Internet Freedom Order* emphasizes, preclude anticompetitive network management practices. For example, a broadband provider may not anticompetitively favor its own online content or services over the content or services of third parties, or enter into an agreement with other broadband providers to unfairly block, throttle, or discriminate against specific internet content.

Finally, the FCC made clear in the 2017 *Restoring Internet Freedom Order* that generally applicable state laws relating to fraud, taxation, and general commercial dealings apply to broadband providers just as they would to any other entity doing business in a state, so long as such laws do not regulate broadband providers in a way that conflicts with the national regulatory framework to broadband internet access services. This ruling reaffirmed the FCC's 2015 decision that states and localities may not



impose requirements that conflict with federal law or policy, but may otherwise enforce generally applicable laws. Thus, Hawaii remains empowered to act under its UDAP statute.

In short, Hawaii consumers are well protected against anti-competitive or anti-consumer practices. They enjoy protections provided by the FCC, the FTC, federal antitrust law, and – importantly – existing Hawaii state law. On the other hand, state-specific net neutrality rules imposed on broadband providers would harm consumers, and would – along with other state and local mandates – create a complex “patchwork quilt” of requirements that would be unlawful. And as mentioned above, the FCC cited extensive evidence showing the unprecedented decline in broadband infrastructure investment. Hawaii needs more broadband investment not less. Both bills work against this policy, and SB 2644 compounds the problem by tying small cell permitting to compliance with net neutrality principles, a concept whose enforcement is unclear, likely unworkable, and ultimately unnecessary. Other bills in Hawaii now seek to encourage and incentivize mobile broadband deployment. That is and should be the goal, without creating unworkable obstacles.

The FCC's 2017 *Restoring Internet Freedom Order* explains that broadband internet access is an inherently interstate and global offering. Internet communications delivered through broadband services almost invariably cross state lines, and users pull content from around the country and around the world – often from multiple jurisdictions in one internet session. Any attempt to apply multiple states' requirements would therefore be harmful to consumers for the same reasons the FCC's 2015 rules were



harmful, in addition to the fact that those requirements will be at best different and at worst contradictory.

These problems multiply in the case of mobile broadband: questions will arise over whether a mobile wireless broadband transmission is subject to the laws of the state where users purchased service, where they are presently located, or even where the antenna transmitting the signal is located. State-by-state regulation even raises the prospect that different laws will apply as the user moves between states. For example, a mobile broadband user could travel through multiple states during a long train ride, even the morning commute, subjecting that rider's service to multiple different legal regimes even if the rider spent that trip watching a single movie. Such a patchwork quilt of disparate regulation is untenable for the future success of the internet economy.

Moreover, the FCC found broadband-specific state laws would be unlawful. The *Restoring Internet Freedom Order* exercised the agency's preemption powers under the U.S. Constitution and federal law. It held that state or local laws that impose net neutrality mandates, or that interfere with the federal preference for national regulation of broadband internet access, are impermissible.

Ultimately, Congress may decide to modify the existing federal regulatory framework for broadband internet access, and some members of Congress have already introduced legislation addressing these matters. CTIA stands ready to work with Congress should it choose to adopt rules for the internet ecosystem that promote a free and open internet while enabling the innovation and investment we need for tomorrow.



Nevertheless, today, state-by-state regulation of broadband internet access services would harm consumers and conflict with federal law.

In closing, it would be unnecessary to pass these bills due to the strong consumer protections currently in place and national wireless providers agreeing not to block or throttle lawful content. It would also be premature in light of the recent state Attorneys General legal action on this issue. For these reasons, we respectfully ask that you not move SB 2088 and SB 2644. Thank you for the opportunity to submit testimony.