

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 821
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Economic Development & Business and
Intrastate Commerce, to which was referred H.B. No. 821 entitled:

"A BILL FOR AN ACT RELATING TO TELECOMMUNICATIONS,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Department of Business, Economic Development, and Tourism (DBEDT) to enter into a public-private partnership to plan, build, and manage key strategic broadband infrastructure that benefits the State, including a cable landing station in Kakaako, on the island of Oahu, and to encourage cloud-based companies to take advantage of this infrastructure;
- (2) Exempt the public-private partnership from certain state and county laws; and
- (3) Appropriate funds to support the Hawaii broadband initiative.

DBEDT; Department of Commerce and Consumer Affairs; Hawaiian Electric Company and its subsidiaries Maui Electric Company, Limited and Hawaii Electric Light Company, Inc.; Hawaii Technology Development Corporation; Oahu Economic Development Board; and



Ocean Networks testified in support of this measure. The State Procurement Office testified in opposition to this measure. The Department of Land and Natural Resources and Hawaiki Submarine Cable USA LLC provided comments on this measure.

Your Committees note the concerns of the State Procurement Office in its written testimony submitted for the public hearing on this measure. The State Procurement Office opposes the proposition to exempt an entire multimillion-dollar project from the Hawaii Procurement Code. This will lead to inconsistency in procurement laws and regulations, and consequently, unnecessarily inflated costs to state and local governments. Furthermore, the State Procurement Office encourages utilization of public-private partnerships as a way to expedite procurement, obviating the need for an overall exemption.


Your Committees have amended this measure by changing its effective date to July 1, 2112.

As affirmed by the records of votes of the members of your Committees on Economic Development & Business and Intrastate Commerce that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 821, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 821, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development & Business and
Intrastate Commerce,



TAKASHI OHNO, Chair



ANGUS L.K. MCKELVEY, Chair



