

STAND. COM. REP. NO.

1224<sup>20</sup>

Honolulu, Hawaii

JUN 25

, 2020

RE: S.B. No. 2527  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committees on Economic Development & Business and  
Intrastate Commerce, to which was referred S.B. No. 2527, S.D. 2,  
entitled:

"A BILL FOR AN ACT RELATING TO BROADBAND SERVICE  
INFRASTRUCTURE,"

beg leave to report as follows:

The purpose of this measure is to establish the Broadband  
Infrastructure Grant Program within the Department of Business,  
Economic Development, and Tourism to award grants to applicants to  
extend the deployment of facilities used to provide broadband  
service to unserved and underserved areas of Hawaii.

Your Committees received testimony in support of this measure  
from Kamehameha Schools, Transform Hawaii Government, Charter  
Communications, and one individual. Your Committees received  
testimony in opposition to this measure from KeepYourPower.org;  
Seeds of Truth; Soil to Soul Solutions; Hawaii Family and  
Conscious Connection Movement; Holistic Learning Center of Maui,  
LLC; We Are One Ministries; 5G Free Santa Barbara; and over 100  
individuals. Your Committees received comments on this measure  
from the Department of Business, Economic Development, and  
Tourism; Department of Commerce and Consumer Affairs; and Hawaiian  
Telcom.

SB2527 HD1 HSCR EDB-IAC HMS 2020-2107-1



Your Committees find that increased demand for broadband internet service has created greater disparities between remote and rural communities and densely populated areas of the State. Your Committees further find that public-private partnerships are proving to be critical to closing the digital divide in unserved low-density areas and for creating incentives for broadband providers to spend capital to build a new network in such areas. This measure establishes a grant program to provide applicants of the program with grants to extend deployment of facilities used to provide broadband service in unserved and underserved areas of Hawaii.

Your Committees note that this measure is intended to provide the framework for the expansion of wired fiber broadband infrastructure and is neither connected to the use of 5G wireless technology nor intended to be used to facilitate 5G wireless technology.

Your Committees have amended this measure by:

- (1) Clarifying that the definition of "broadband service" does not include wireless network infrastructure or facilities used to provide wireless services over licensed spectrum;
- (2) Specifying that grants are applicable to wired fiber buildout only;
- (3) Requiring applicants to commit to paying a minimum of thirty, rather than twenty, percent of the total project costs out of the applicant's own funds in order to be eligible for a grant and removing the provision that no portion of these funds shall be derived from federal or state government grants, loans, or subsidies;
- (4) Allowing any non-governmental entity with demonstrated experience in providing broadband service, broadband infrastructure, or other communication services to residential customers, rather than only entities with experience providing these services within the State, to be eligible for a grant;
- (5) Deleting the requirement for an applicant to commit to complying with net neutrality principles as defined by



Executive Order No. 18-02 in order to be eligible for a grant;

- (6) Clarifying that applications shall include a certification that no portion of the matching funds is derived from state government grants, loans, or subsidies and a list of all expected government authorizations, permits, and other approvals required for the project;
- (7) Allowing a broadband service provider to submit a written challenge to any application attesting that the application's project may jeopardize the eligibility of federal funding for the challenging provider;
- (8) Removing the provision giving highest weight or priority in the scoring system for awarding grants to applicants with more experience and technical ability to successfully deploy and provide broadband service and more financial resources available to finance the project;
- (9) Authorizing the Department of Business, Economic Development, and Tourism to deny or cancel a project if the Department finds the project will impact federal funding opportunities;
- (10) Requiring the Department of Business, Economic Development, and Tourism to adopt rules to implement the Broadband Infrastructure Grant Program within eighteen months, rather than one hundred eighty days, of the approval date of this measure;
- (11) Amending its preamble to reflect the intent of the measure to provide the framework for the expansion of wired fiber broadband infrastructure and state that is neither connected to the use of 5G wireless technology nor intended to be used to facilitate 5G wireless technology; and
- (12) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

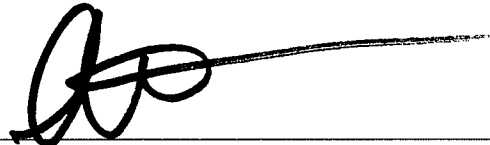


As affirmed by the records of votes of the members of your Committees on Economic Development & Business and Intrastate Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2527, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2527, S.D. 2, 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





