

OFFICE OF INFORMATION PRACTICES

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To: House Committee on Finance

From: Cheryl Kakazu Park, Director

Date: February 25, 2021, 12:00 p.m.
Via Videoconference

Re: Testimony on H.B. No. 1191, H.D. 2
Relating to Broadband Service Infrastructure

Thank you for the opportunity to submit testimony on this bill, which would establish a broadband infrastructure grant program. The Office of Information Practices (OIP) takes no position on the substance of this bill, but offers comments and a **suggested amendment to the confidentiality provision on page 8** of the bill.

As written, the confidentiality provision is overly broad, requiring the Department of Business and Economic Development (DBEDT) to keep confidential any application information a grant applicant has designated as confidential so long as it leaves public a description of the project area and some amount of evidence that the project area is unserved. There is no other check on what the applicant may designate confidential, and no provision for a member of the public to appeal the confidentiality designation to OIP or to court. Thus, an applicant could designate as confidential everything in the application except the description of the project area and how it is unserved, and DBEDT would apparently be required to redact it all before putting the application online for public review as also required by this proposal. It is also not clear why a competing broadband provider

challenging the basis for an application should be automatically entitled to have its challenge kept confidential upon request. Given the small number of possibilities, the identity of a challenger is likely to be obvious in any case, and there is no obvious reason why the public and the applicant should not be privy to the grounds for the challenge.

Thus, **OIP recommends that the confidentiality provision be amended so that it allows an applicant to designate material as confidential or a challenger to request confidential treatment, but only requires DBEDT to actually treat the information as confidential to the extent it is in fact protected under the UIPA.** An applicant would have the opportunity to flag confidential information and a challenger would have the opportunity to request confidential treatment, but neither would have the final word on what must be kept confidential by law.

Specifically, OIP recommends replacing the first part of proposed subsection __-6(b) with the following:

(b) To the extent the information falls under one or more of the exceptions to public disclosure in section 92F-13, the department shall keep information in an application or challenge confidential upon request by: . . .

Thank you for considering OIP's suggested amendment.

DAVID Y. IGE
GOVERNOR

JOSH GREEN
LIEUTENANT GOVERNOR



ANNE E. PERREIRA-EUSTAQUIO
DIRECTOR

JOANN A. VIDINHAR
DEPUTY DIRECTOR

JOVANIE DOMINGO DELA CRUZ
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
OFFICE OF COMMUNITY SERVICES
830 PUNCHBOWL STREET, ROOM 420
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IN REPLY, REFER TO:
OCS 21.1044

February 23, 2021

To: The Honorable Sylvia Luke, Chair,
The Honorable Ty J.K. Cullen, Vice Chair, and
Members of the House Committee on Finance

Hearing: Thursday, February 25, 2021

Time: 12:00 p.m.

Place: Conference Room 308, via Videoconference

From: Jovanie Domingo Dela Cruz, Executive Director
Office of Community Services

**Re: H.B. No. 1191, HD 2, RELATING TO BROADBAND
SERVICE INFRASTRUCTURE**

I. OVERVIEW OF PROPOSED LEGISLATION

This measure would create a broadband infrastructure grant program in the Department of Business, Economic Development, and Tourism, to extend deployment of infrastructure to unserved areas of the State. It would rely on funding from the technology loan revolving fund that currently exists under HRS §206M-15.6, and it would broaden the sources of funding to include funds from the federal government, county governments, and the private sector. The director of Finance would also be authorized to issue General Obligation bonds to help fund this grant program.

II. CURRENT LAW

HRS §206M-15.6 currently provides for a technology loan revolving fund, but the present bill would substantially broaden the sources of funding for that revolving fund.

III. COMMENTS ON THE PRESENT BILL

The Office of Community Services (OCS) was established in 1985 by the Legislature to serve economically disadvantaged communities, precisely the types of communities that this bill seeks to serve. OCS regularly serves such communities through our administration of federal programs such as the Community Services

The Honorable Sylvia Luke, Chair,
The Honorable Ty J.K. Cullen, Vice Chair, and
Members of the House Committee on Finance
February 23, 2021
Page 2

Block Grants (CSBGs), the Weatherization Assistance Program, and multiple federal food programs, such as The Emergency Food Assistance Program (TEFAP), Senior Farmers' Market Nutrition Program, and Commodity Supplemental Food Program, as well as other State and Federal programs.

OCS is an attached agency of the Department of Labor and Industrial Relations. OCS also regularly administers many grants through the Legislature's Chapter 42F grants program to non-profits for Capital Improvement Projects and operating expenses. OCS supports the goals of the bill, and OCS notes that the bill has attracted very broad support at all stages since its introduction. The bill appears to be an important measure that should be passed if fiscal resources are available. While this bill does not propose any role for OCS, OCS stands ready to assist if called upon, and OCS is supportive of this bill and its goals.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1191, H.D. 2

February 25, 2021
12:00 p.m.
Via Videoconference

RELATING TO BROADBAND SERVICE INFRASTRUCTURE

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1191, H.D. 2.

H.B. No. 1191, H.D. 2, establishes the Broadband Infrastructure Grant Program (BIGP); amends the Hawai'i Technology Revolving Fund (HTRF) by changing it to the Hawai'i Broadband Infrastructure Fund (HBIF) and changing the types of funds to be deposited into the fund; authorizes the issuance of general obligation bonds for the BIGP; and establishes a fund ceiling of \$10,000,000 for the HBIF at the end of any fiscal year.

Funds from the HBIF would be used to award grants to applicants to extend broadband infrastructure to unserved areas of the State and therefore improve access to broadband services to resident, consumer, and business users across the State. The measure provides that to be eligible, applicants must commit to paying a minimum of 40% of total project costs from the applicant's own funds and be a non-governmental entity. Since H.B. No. 1191, H.D. 2, changes the fund type of the HTRF from a revolving fund to a special fund, the measure removes a number of financing sources

for the fund, including: moneys received as repayment of loans; investment earnings; royalties; premiums, or fees or equity charged by the corporation, or otherwise received by the corporation; and loans that are convertible to equity. Instead, the HBIF would be financed by funds appropriated by the Legislature; received from the federal government; received from a county; and received from the private sector.

H.B. No. 1191, H.D. 2, is similar to the Administration's proposed H.B. No. 913, H.D. 1, in that H.B. No. 913, H.D. 1, would require the proposed Hawai'i Broadband and Digital Equity Office to administer grant programs in support of broadband infrastructure, innovation, and the digital economy. However, the measures differ as H.B. No. 1191, H.D. 2, proposes the establishment of a specific grant program and special fund to achieve this goal. Although H.B. No. 1191, H.D. 2, renames the HTRF to the HBIF, B&F notes that the HTRF is currently established under the purview of the Hawai'i Technology Development Corporation, but the proposed grant program is established within the Department of Business, Economic Development and Tourism. This would allow for a situation in which a program other than HTDC would expend funds from an account which is statutorily established within HTDC pursuant to Section 206M-15.6, HRS.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and

the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 1191, H.D. 2, it is difficult to determine whether the proposed special fund would be self-sustaining as there does not appear to be any significant source of revenues to support the HBIF aside from appropriations from the Legislature.

Thank you for your consideration of our comments.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Thursday, February 25, 2021
12:00 PM

State Capitol, Conference Room 308

In consideration of

HB1191, HD2

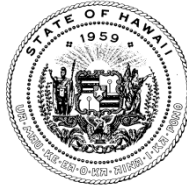
RELATING TO BROADBAND SERVICE INFRASTRUCTURE

Chair Luke, Vice Chair Cullen and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) **supports** HB1191, HD2 that establishes the broadband infrastructure grant program to award grants to applicants to extend deployment of infrastructure used to provide broadband service to unserved areas of the State.

- The COVID-19 pandemic has spotlighted the need for broadband infrastructure and digital equity across all of Hawaii's residents especially those in rural communities and socioeconomically disadvantaged circumstances. In 2021, this is being recognized by Federal stimulus programs directed to state departments. Likewise, this grant program should include a digital equity component as well as infrastructure.
- DBEDT also needs to assess the resources to create the policies, rules, procedures and reports necessary to successfully implement this grant program.
- Regarding the use of the Hawaii Technology Loan Revolving Fund we defer to HTDC.
- DBEDT appreciates the intent of the bill provided it does not replace priorities included in the Executive Budget.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 25, 2021
12:00 P.M.
State Capitol, Teleconference

H.B. 1191, H.D. 2
RELATING TO BROADBAND SERVICE INFRASTRUCTURE.

HOUSE COMMITTEE ON FINANCE

The Department of Transportation (DOT) **supports with a recommended amendment** that will establish a grant program to promote the development of last-mile broadband infrastructure in unserved areas.

Project eligibility for the grant program, as currently defined, is limited to unserved areas only and specifically excludes areas partially served by an existing provider. The DOT is concerned that the infrastructure in partially served areas may never be fully developed without the incentive of the grant program. The DOT recommends that projects to complete the broadband development in partially served areas also be considered as eligible projects for this grant program.

Thank you for the opportunity to provide testimony.



**Testimony to the House Committee on Finance
Thursday, February 25, 2021; 12:00 p.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: HOUSE BILL NO. 1191, HOUSE DRAFT 2, RELATING TO BROADBAND SERVICE INFRASTRUCTURE.

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

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 1191, House Draft 2, RELATING TO BROADBAND SERVICE INFRASTRUCTURE.

The bill, as received by your Committee, would:

- (1) Establish the Broadband Infrastructure Grant Program (Program) to extend the deployment of facilities used to provide broadband service to unserved areas of the State;
- (2) Change the Hawaii Technology Loan Revolving Fund to the Hawaii Broadband Infrastructure Fund (Fund), change the types of funds to be deposited into the Fund, and cap the amount in the fund to \$10,000,000 at the end of any fiscal year; and
- (3) Authorize the issuance of an unspecified amount of general obligation bonds for fiscal year 2021-2022 for the Program.

The bill will also take effect on July 1, 2050, to facilitate further discussion.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

Testimony on House Bill No. 0809, House Draft 2
Thursday, February 25, 2021; 12:00 p.m.
Page 2

Hawaii has long been at the forefront of integrating newer technologies into daily life. One example of this is Hawaii's Telehealth Law which has served as a model across the United States. Yet, it was only after COVID struck our islands that this law became fully integrated into daily life.

Today, it is common practice to ZOOM or SKYPE with your health practitioner instead of physically going to the provider's office for a visit. When COVID first hit our islands, many health providers had to limit the number of patients that could be serviced in-person because of a scarcity of Personal Protective Equipment, restrictions in the gatherings of groups, and the need for changes to the physical arrangement of examination rooms and other diagnostic facilities.

For people with adequate broadband access, telehealth was a lifeline for the provision of essential primary health care services. Yet, health care facilities in rural areas experienced the same problems when COVID hit. They too had to limit the number of patients they could see. But because these communities lacked adequate broadband access, they were effectively cut off from primary care. Many were forced to bear their maladies until it became necessary to go to the emergency room.

The Governor's suspension of a statute that prohibits the use of standard telephonic service in telehealth has temporarily eased this inequity. For those without adequate broadband, at least for now, they are able to obtain basic primary care services over landline telephones. But that is neither adequate, tenable, nor fair to the thousands of citizens who lack broadband access.

Because of this, the HPCA views the lack of broadband access in rural areas as an issue of social equity. In this day and age, everyone should have equal access to health care. Telehealth was envisioned as the means of leveling the field between urban and rural areas. The lack of broadband ensures that urban and rural communities remain unequal.

As a member of the Broadband Hui, the HPCA urges your favorable consideration of this bill.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



MAUI

CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
THURSDAY, FEBRUARY 25, 2021 AT 12:00 P.M.**

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance,

**SUPPORT HB1191 HD2 RELATING TO
BROADBAND SERVICE INFRASTRUCTURE**

Aloha, my name is Pamela Tumpap. I am the President of the Maui Chamber of Commerce, in the county most impacted by the COVID-19 pandemic in terms of our dependence on the visitor industry and corresponding rate of unemployment. I am writing share our support of HB1191 HD2.

We support this measure to establish a broadband infrastructure grant program. Broadband has been a longstanding issue in Hawaii, but was exacerbated during this pandemic where students are doing distance learning and more people are working from home. Broadband is a critical need in unserved areas and important to state and county economic development.

Further, we appreciate that this bill houses the grant program under DBEDT, as they already have the Hawaii Broadband Initiative.

Mahalo for your consideration of our testimony and ask that you please pass this bill.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
House Committee On Finance
Thursday, February 25, 2021
12:00 p.m.
Videoconference

In consideration of
HB1191, HD2
RELATING TO BROADBAND SERVICE INFRASTRUCTURE .

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

The Hawaii Technology Development Corporation (HTDC) offers **comments** on HB1191, HD2 that establishes the broadband infrastructure grant program to award grants to applicants to extend deployment of infrastructure used to provide broadband service to unserved areas of the State; amends the Hawaii technology loan revolving fund to change it to the Hawaii broadband infrastructure fund, including the types of funds deposited into the fund; and authorizes the issuance of general obligation bonds for the broadband infrastructure grant program.

HTDC supports efforts to increase broadband capacity in the state. HTDC points out that this bill is unusual in that it establishes a program within DBEDT and uses an HTDC Revolving Fund under HRS206M-15.6 to award grants. HTDC has not implemented a program setup this way before. HB59 repeals HRS206M-15.6 so we suggest the bills be coordinated. HTDC works closely with the Hawai'i Broadband Strategy Officer and are available to assist but defer to the Department on the merits of this measure. HTDC looks forward to working with all stakeholders to move broadband forward.

Thank you for the opportunity to offer these comments.



Charter Communications
Testimony of Felipe Monroig, Senior Director of Government Affairs

COMMITTEE ON FINANCE

Hawai'i State Capitol
Thursday, February 25, 2021

SUPPORT OF H.B. 1191 HD2, RELATING TO BROADBAND SERVICE INFRASTRUCTURE

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

Thank you for the opportunity to provide testimony in support of H.B. 1191 HD2, which establishes a broadband service infrastructure grant program. The goal is to provide greater broadband connectivity for residents in unserved areas of Hawai'i by promoting the extension of broadband-related infrastructure, in primarily rural areas where the buildout costs are prohibitively expensive because of the low density of housing and commercial opportunities and the resulting small number of potential customers. As demonstrated by the impacts of COVID-19, the need for reliable and accessible broadband connectivity to service these areas has never been greater.

Charter Communications is a dedicated community partner in Hawai'i. As the largest broadband provider in Hawai'i with services available to over 400,000 homes and businesses in all 4 Counties, including Molokai and Lanai, Charter continues to expand its network. As a result of significant network investments, Charter's base broadband speed is 200/10Mbps and we now offer Spectrum Internet Gig (with download speeds of 940 Mbps) in almost all of Hawai'i. Charter continues to significantly invest and provide infrastructure improvements, unleashing the power of an advanced,

two-way, fully interactive fiber network. By moving to an all-digital network, today's Spectrum customers enjoy more HD channels, more On Demand offerings, more video choices than ever before, and the fastest internet speeds and most consistent performance available.

Charter also offers a low cost broadband service for \$17.99/month to eligible low income families and seniors to help bridge the digital divide. At 30Mbps, Spectrum Internet Assist will have a positive impact on the communities we serve in Hawai'i and help to ensure greater access to broadband technology to bridge the digital divide.

Charter strongly supports increasing access to broadband services for residents across the State where service is not available. A properly structured state broadband grant program as outlined in H.B. 1191 HD2 will, for example, help all islands, but may be especially useful in Hawai'i Island, which continues to face the greatest challenge primarily due to the lack of adequate infrastructure. With such a program in place, areas like Hāmākua, Puna, Pahoā, Nā'ālehu, Ka'ū and other remote regions will have a chance at access to broadband that they do not currently enjoy.

Because of Hawai'i's unique geography and terrain and the general prices for goods, labor, and materials, the cost of connection is much higher than in some other areas of the mainland United States. By allocating resources to build broadband infrastructure to unserved areas of Hawai'i, H.B. 1191 HD2 will help broaden and enhance opportunities in every aspect of peoples' lives through economic development, education, and health care.

To make sure that the money goes to where it is most needed and to ensure proper administration of the funds, we believe that legislation should incorporate the following key principles, which are reflected in H.B. 1191 HD2:

- State funds should come from general appropriations or bonds, not sector specific taxes and fees on current broadband customers. A dedicated source of funding best reflects the benefit accrued to the entire state from this investment. Putting in place a state broadband grant program also ensures timely and effective distribution of federal funds, should those be provided for expansion of broadband infrastructure. The fund created by this bill rightly allows for inclusion of federal funds. We also note that this does not prohibit nor impede companies from applying for and receiving broadband infrastructure grants from the federal government, which expressly contemplates working alongside state programs to support filling every gap in broadband access. Charter supports language inserted by the Committee on Consumer Protection and Commerce that protects against a state project jeopardizing federal funding.

- Focus must be on areas which are unserved. The current FCC standard for broadband is 25Mbps download and 3Mbps upload. Any public investment should target resources to areas which are not currently served by broadband at the standards developed by the FCC. This requirement will ensure that funds are invested where they are most needed and the benefit to rural communities will be the greatest.

- A grant program must include open and transparent rules to identify where applicants are seeking state subsidies and a robust challenge process. Public investment should not occur where the private sector has already invested in broadband infrastructure and service. To guard against a waste of state funds and against duplication of networks and investment where it is not needed, the state's program should include a transparent process which allows adequate time for existing broadband providers to confirm whether an area is already served or to commit to deploying service within a reasonable time such that state funds could be directed to an area in need of assistance.

- The application process should be thorough to weed out unqualified applicants, but at the same time straightforward to avoid burdensome administrative rules that discourage investment; applicants should receive adequate time to complete their investment and the state should provide support to avoid permitting delays that can impede the process.

We will continue to work with the legislature to further our shared goal of bringing broadband to unserved areas of Hawaii. Charter respectfully requests the passage of H.B. 1191 HD2 to ensure that a public-private policy framework is built to connect unserved areas of Hawai'i with essential broadband connectivity.

Mahalo for the opportunity to provide testimony.



ALOHA CARE

To: The Honorable Representative Sylvia Luke, Chair
The Honorable Representative Ty J.K. Cullen, Vice-Chair
Committee on Finance

Date: February 25, 2021 at 2:00 PM

From: Peggy Mierzwa, Sr. Public Policy Analyst, AlohaCare

RE: **HB1191 HD2, Relating to Broadband Service Infrastructure Support**

AlohaCare appreciates the opportunity to provide testimony in **support** of **HB1191 HD2**, which would help to facilitate the deployment of last-mile broadband infrastructure in unserved areas of the state. It does so by establishing a grant program, amends the Hawaii technology loan revolving fund to the Hawaii broadband infrastructure fund, and authorizes the issuance of general obligation bonds for the grant program.

Founded in 1994, AlohaCare is a community-rooted, non-profit health plan serving 73,000 Medicaid and dual-eligible health plan members on all islands. We are the only non-profit Hawai'i health plan exclusively serving Medicaid patients. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating access to quality health care for all. We believe that health is about supporting whole-person care, including access to housing and food security, to build a stronger, healthier Hawaii.

AlohaCare supports the expansion of reliable broadband statewide. Over the past year, there has been a great need to connect with people in nontraditional ways. In rural settings or other unconnected areas, it is a challenge to ensure people are able to access the healthcare they need in order to either maintain health or address health concerns.

Our providers have shared challenges when trying to connect with their patients because of the lack of broadband. Providers and clinics in rural neighbor island locations as well providers on Oahu in both urban and rural areas have patients who either do not have any broadband or there is insufficient broadband access to be able to utilize telehealth services.

The problems extend beyond telehealth. With vaccination roll outs, we are now hearing that many kupuna are not able to make appointments for their COVID vaccinations because they are asked to make those via the computer and many do not have access to computers with broadband to do so. These challenges in providing relevant patient care are happening across the state. Taking steps to ensure there will be broadband access statewide will drastically improve the health and well-being of our communities.

Furthermore, there were many people who faced difficulties beyond accessing healthcare. People were unable to work or learn from home over the course of the past year. Access to these necessities are integral to a person's over all well-being, and their ability to feel connected in various ways to their community.

We appreciate the legislature's work on addressing the vast need in the state for expanded access to broadband, which supports people's over all well-being.

Thank you for this opportunity to testify on HB1191 HD2.

Written Statement of
Ani Menon
Director of Government & Community Affairs

HOUSE COMMITTEE ON FINANCE

February 25, 2021 12:00PM
State Capitol, Conference Room 308, Videoconference

COMMENTS FOR:

H.B. NO. 1191 HD2 RELATING TO BROADBAND SERVICE INFRASTRUCTURE

To: Chair Luke, Vice-Chair Cullen, and Members of the Committee
Re: **Testimony providing comments for HB 1191 HD2**

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

Thank you for this opportunity to submit comments on House Bill 1191 HD2. The primary intent of this bill is to establish a broadband infrastructure grant program that would serve unserved communities throughout our state. Though Hawaiian Telcom supports the intent of this bill, we offer the following comments and concerns.

The Federal Communications Commission (FCC) recently established the federal Rural Digital Opportunity Fund (RDOF). RDOF provides \$20.4 billion in nationwide broadband deployment funding. Page 7, paragraph 13 of the FCC's RDOF Report and Order states that "[the FCC] will exclude those census blocks which have been identified as having been...awarded funding through other similar federal or state broadband subsidy programs to provide 25/3 Mbps or better service."

Based on this language, the FCC may and has excluded census blocks that receive broadband deployment funding from a state broadband program from their list of eligible areas. The number of unserved census blocks in our state are finite. Therefore, **we are concerned that the establishment of a state broadband grant program that will award grants to deploy broadband infrastructure in unserved communities will jeopardize our state's access to significantly more federal funds for those same communities.**

Hawaiian Telcom just won \$24 million in federal RDOF Phase I auction funds to deploy broadband to over 8,000 unserved locations statewide. The FCC has announced that it will move forward with a RDOF Phase II auction in the near future that will include locations not funded in Phase I. The RDOF program has available an additional \$11.2 billion for its subsequent auction(s).

In the recent past, we submitted and won a competitive bid for the federal Connect America Funds (CAF) Phase II Auction (a second allocation of FCC Phase II funds, 2018-2024). CAF is the FCC's major reform to the Universal Service Fund to accelerate broadband deployment in

unserved areas across the nation. Hawaiian Telcom was awarded \$18.2 million in CAF Phase II Auction federal funds to deploy high-speed internet service of 1 gigabit per second download and 500 megabits per second upload. This was in addition to our past CAF wins that enabled us to deploy even more broadband infrastructure throughout our state. In fact, Hawaiian Telcom is the only service provider who has submitted bids for and won federal CAF funds to connect rural communities throughout Hawaii.

Being able to access federal funds from RDOF to deploy broadband infrastructure in Hawaii is important now more than ever. Thank you for the opportunity to submit these comments and share our concerns regarding House Bill 1191 HD2.