

SYLVIA LUKE
LIEUTENANT GOVERNOR
Ke Ke'ena O Ka Hope Kia'āina

The 33rd Legislature, State of Hawaii
House Committee on Finance
February 24, 2025

Testimony on
**H.B. 934 - RELATING TO THE HAWAII BROADBAND AND
DIGITAL EQUITY OFFICE**

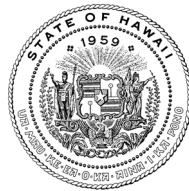
Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to provide testimony in **support of H.B. 934, H.D. 1** which transfers the Hawaii Broadband Office from the Department of Business, Economic Development, and Tourism (DBEDT) to the Office of Enterprise Technology Services (ETS) in the Department of Accounting and General Services, establishes the Hawaii Broadband and Digital Equity Special Fund, and appropriates additional funding.

Reliable, affordable high speed internet access is essential for ensuring greater educational, economic, and social opportunities for all. The federal and state governments have committed over \$400 million to modernize our subsea and terrestrial infrastructure and equip residents with the tools and knowledge to safely navigate the internet. With the construction of new subsea broadband infrastructure, our state anticipates generating revenue from negotiated lease agreements and the creation of a special fund will ensure these funds are used to reduce the cost of internet services, provide technical assistance to communities, and support broadband projects.

Given the increasingly vital role of broadband in our daily lives, the transfer of the Hawaii Broadband Office from DBEDT to ETS provides an opportunity to consolidate and centralize broadband responsibilities currently dispersed across state government, including those of the Hawaii Broadband Assistance Advisory Council and other reporting requirements. Our office will work closely with the relevant departments to compile all broadband functions for the Legislature's consideration.

Thank you for the opportunity to provide testimony in support of H.B. 934, H.D. 1.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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
Ka 'Oihana Mālama Mo'ohelu a Kālā
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

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 934, H.D. 1

**February 24, 2025
10:00 a.m.
Room 308 and Videoconference**

RELATING TO THE HAWAII BROADBAND AND DIGITAL EQUITY OFFICE

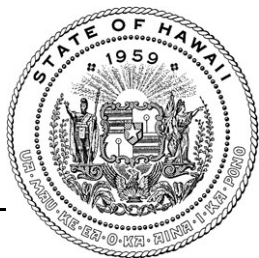
The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 934, H.D. 1: 1) transfers the Hawai'i Broadband and Digital Equity Office (HBDEO) from the Department of Business, Economic Development and Tourism to the Office of Enterprise Technology Services in the Department of Accounting and General Services by repealing Chapter 206S, HRS, and adding a new part in Chapter 27, HRS; 2) establishes the Broadband and Digital Equity Special Fund (BDESF) to be administered by HBDEO for the purposes of supporting broadband projects, defraying the cost of internet services, and funding positions for personnel to provide technical assistance for the community; 3) appropriates an unspecified amount in general funds for FY 26 to be deposited into the BDESF; and 4) appropriates an unspecified amount in special fund ceiling for the BDESF for FY 26.

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. 934, H.D. 1, it is difficult to determine whether the BDESF would be self-sustaining.

Thank you for your consideration of our comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Monday, February 24, 2025
Time 10:00AM
State Capitol, Conference Room #308

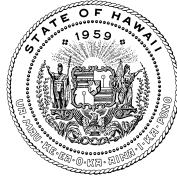
In consideration of
HB934 HD1
RELATING TO THE HAWAII BROADBAND AND DIGITAL EQUITY OFFICE.

Chair Yamashita, Vice Chair Takenouchi and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) provides the following comments on HB934 HD1 that transfers the Hawaii Broadband and Digital Equity Office (HBDEO) to the Office of Enterprise Technology Services in the Department of Accounting and General Services.

HBDEO has provided steady leadership in state broadband and digital equity. I am confident that regardless of where the Office resides in state government, the Office will continue to provide the necessary leadership and accountability in carrying out its statutory responsibilities and in deployment and management of federal funds. DBEDT will continue to collaborate with the Office as it is an important piece to the future of digital workforce and economic development.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

CHRISTINE M. SAKUDA
CHIEF INFORMATION OFFICER
LUNA 'ENEHANA

STATE OF HAWAII' | KA MOKU'ĀINA O HAWAII'
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ

OFFICE OF ENTERPRISE TECHNOLOGY SERVICES | KE'ENA HO'OLANA 'ENEHANA

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

Testimony of
CHRISTINE M. SAKUDA
Chief Information Officer
Office of Enterprise Technology Services

Before the

HOUSE COMMITTEE ON FINANCE
Monday, February 24, 2025

HOUSE BILL NO. 934 HD1
RELATING TO THE HAWAII' BROADBAND AND DIGITAL EQUITY OFFICE

Dear Chair Yamashita, Vice Chair Takenouchi, and members of the committee:

The Office of Enterprise Technology Services (ETS) humbly offers **comments** on this bill that transfers the Hawai'i Broadband and Digital Equity Office (HBDEO) from the Department of Business, Economic Development, and Tourism to the Office of Enterprise Technology Services in the Department of Accounting and General Services, establishes the Hawai'i Broadband and Digital Equity Special Fund, and appropriates funds.

ETS strongly supports Connect Kākou, led by Governor Josh Green and Lieutenant Governor Sylvia Luke, to ensure that every resident of Hawai'i has access to broadband Internet – plus the skills and devices they need to use the Internet.

Taking over the responsibility of running and managing the Hawai'i Broadband and Digital Equity Office will be a huge endeavor for ETS. To be successful in this transfer we would ask to be funded appropriately from both state and federal sources.

According to the HBDEO's Form A request for Fiscal Year 25-27: *"With the current budget of \$360,000 to fund four staff and operating expenses, HBDEO has been operating with essentially no operating expenses for the past two fiscal years. Proper funding will enable the office to meet its objectives, especially in community outreach to rural, non-Oahu areas of the state."*

The HBDEO had asked for \$777,090 for FY 26 with \$452,302 for personal services, and \$324,788 for other expenses.

ETS believes that these figures provide for a sound budget, and we ask that this funding be included in the bill. We believe that, without proper funding for both salaries and operations, moving the

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HBDEO to DAGS-ETS would not improve the functioning of the HBDEO but would in fact negatively impact critical services delivered through our existing program.

Pursuant to [Section 27-43, Hawaii Revised Statutes](#) ETS provides governance and strategic planning for executive branch IT projects and we believe managing the infrastructure operations of broadband fall within the purview of this office. Our statutory responsibilities are focused on the State's enterprise IT infrastructure which has supported departments directly. We have concerns that this shift may dilute this internal focus by diverting resources needed for this public outreach.

Thank you for the opportunity to provide testimony on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Finance
Monday, February 24, 2025 at 10:00 a.m.

By

Garret T. Yoshimi, Vice President for Information Technology/Chief Information Officer
University of Hawai'i System

HB 934 HD1 – RELATING TO THE HAWAII BROADBAND AND DIGITAL EQUITY OFFICE

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The University of Hawai'i, representing the interests of the State in the implementation of federally funded broadband investments, supports HB 934 HD1 which transfers the Hawai'i Broadband and Digital Equity Office (HBDEO) from the Department of Business, Economic Development, and Tourism (DBEDT) to the Office of Enterprise Technology Services (ETS) in the Department of Accounting and General Services, and establishes the Hawai'i Broadband and Digital Equity Special Fund. Transfer of the HBDEO under ETS, would place it within the management and oversight of the State Chief Information Officer, and will properly align the functions of the HBDEO together with other statewide technology infrastructure oversight, management and operations. The measure additionally provides for suitable governance under the statutorily established Information Technology Steering Committee.

Establishment of the Hawai'i Broadband and Digital Equity Special Fund provides for the ability to collect and expend funds received as a beneficial outcome of the public investment in broadband infrastructure assets; and to ensure the funds are used to support long term sustainability of the state's broadband infrastructure assets and the ability of our community to benefit from those infrastructure assets. Placing the ownership of the assets resulting from the federal broadband investments under the State Chief Information Officer, together with the Information Technology Steering Committee, will help to ensure the public's interest is protected and the benefits to Hawai'i maximized over the lifetime of these assets. To help provide clarity over the intent of the use of the funds, we suggest the fund be titled the Hawai'i Broadband Special Fund.

Thank you for the opportunity to provide testimony in support of HB 934 HD1.



**STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
STATE COUNCIL ON DEVELOPMENTAL DISABILITIES
'A'UNIKE MOKU'ĀPUNI NO KA NĀ KĀWAI KULA**

PRINCESS VICTORIA KAMĀMALU BUILDING
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543

February 24, 2025

The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance
The Thirty-Third Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Representative Yamashita, and Committee members

SUBJECT: HB934 HD1 Relating to the Hawai'i Broadband and Digital Equity Office

The Hawai'i State Council on Developmental Disabilities **SUPPORTS HB934 HD1**, which transfers the Hawai'i Broadband and Digital Equity Office from the Department of Business, Economic Development, and Tourism to the Office of Enterprise Technology Services in the Department of Accounting and General Services. Establishes the Broadband and Digital Equity Special Fund. Appropriates funds. Effective 7/1/3000. (HD1)

Access to broadband and digital technology is critical for individuals with intellectual and developmental disabilities (I/DD) to fully participate in society. Reliable internet connectivity and digital literacy are essential for accessing telehealth services, engaging in educational opportunities, securing employment, and participating in community life. HB934 HD1 strengthens the State's infrastructure to ensure digital equity, especially for underserved and vulnerable populations.

The proposed restructuring and the establishment of the special fund will enhance the State's ability to develop and implement strategies to improve broadband access and affordability. The emphasis on supporting broadband projects, and funding positions for technical assistance aligns with the needs of the I/DD community, which often faces significant barriers to digital inclusion.

Thank you for the opportunity to submit testimony in **support of HB934 HD1**.

Sincerely,

A handwritten signature in blue ink that reads "Daintry Bartoldus".

Daintry Bartoldus
Executive Administrator

Written Statement of
Jeannine Souki
Sr. Manager – Government & Regulatory Affairs

HOUSE COMMITTEE ON FINANCE

February 24, 2025, 10:00 AM
State Capitol, Conference Room 308, Videoconference

COMMENTS FOR:
H.B. 934, H.D. 1 – RELATING TO BROADBAND AND DIGITAL EQUITY OFFICE

To: Chair Yamashita, Vice-Chair Takenouchi, and Members of the Committee

Re: Testimony providing comments for HB 934, HD1

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

Thank you for this opportunity to provide comments on House Bill 934, HD1, to transfer the Hawai‘i Broadband and Digital Equity Office (“HBDEO”) from the Department of Business, Economic Development, and Tourism (“DBEDT”) to the Office of Enterprise Technology Services (“ETS”) in the Department of Accounting and General Services (“DAGS”) establishes the Hawai‘i Broadband and Digital Equity Special Fund and appropriates additional funds.

Hawaiian Telcom supports the intent of this bill, which consolidates broadband planning, coordination, and operations duties currently disbursed across multiple agencies under one umbrella to leverage resources and promote efficiency and efficacy.

As the State and broadband service providers navigate the evolving landscape of broadband infrastructure and funding with the new federal administration, we must consider strategic approaches that maximize efficiency and align with federal initiatives. The Broadband Equity, Access, and Deployment (“BEAD”) Program, which allocates \$42.45 billion to expand high-speed internet access, presents a unique opportunity for our state to enhance its broadband capabilities. The State share of BEAD funding is \$149.5M plus \$46M in state matching funds to increase broadband infrastructure and promote digital literacy services. Additionally, as a broadband service provider, Hawaiian Telcom continues to invest hundreds of millions of dollars annually to expand broadband infrastructure across the State to deliver high-speed internet services to rural and urban areas. Hawaiian Telcom’s historic \$1.7B investment aims to meet the rapidly evolving technology needs of families and businesses across the state, ensuring Hawai‘i remains at the forefront of broadband innovation and provides a once-in-a-generation opportunity to ensure that access to broadband services is available to all households.

In closing, Hawaiian Telcom supports the intent of this bill and the appropriation of general funds to match federal funds for broadband programs and services funded through BEAD programs. We appreciate the opportunity to offer comments for HB 934, HD1.

1961 Aamaka Pl.
Pearl City, HI 96782
808-462-8356, dancsmith@rocketmail.com

February 23, 2025

Committee on Finance
House of Representatives
Capitol
Honolulu, Hawaii

Aloha Committee Members:

I write in support of HB934 HD1 and the funding level recommended by the Committee on Economic Development & Technology but with one amendment.

At page Page 6, Line 9, please restore the original bill's language, specifically to say:

(1) Supporting broadband projects;

Because it involves the use of money, I respectfully suggest that the change is within your purview.

The change in HD1, prohibiting the provision of retail service, was made at the request of Charter Communications. Possible interpretations of Charter's language could prevent even small, innovative projects in unserved or underserved communities. It could even prevent cooperation with Charter!

Please pass HB934 with the recommended restored language.

Sincerely,

A handwritten signature in black ink that reads "Daniel C. Smith". The signature is written in a cursive, flowing style.

Daniel C. Smith

Testimony of Sean Taketa McLaughlin
Hawaii' House Committee on Finance
Monday February 22, 2025 at 10:00am

Supporting HB934 - "Relating to the Hawaii Broadband Digital Equity Office"

Thank you for this opportunity to share testimony regarding HB934 HD1. In sum, I support the intent of HB934 and hope you will amend the measure to address the State's need for consumer protection and public interest advocacy to achieve digital equity for the Islands.

The need for thoughtful reform of State digital equity efforts is clear. As Lt. Governor's testimony at the first hearing on HB934 noted: "Our office will work closely with the relevant departments to compile all broadband functions for the Legislature's consideration." An inventory of State broadband functions will be helpful to inform public policy going forward.

Unfortunately, on its way to the Finance Committee, HB934 was amended for anti-competitive purposes at the request of Charter, a regulated communications utility serving the Islands. Looking at the Committee review, Charter merely points out that "retail service" is being "separately supported by federal funding," as reason enough to restrict and hinder State investments to meet local needs. In this case, undue deference was given to a special private interest at the expense of consumers and public interests.

The language in HB934 HD1 that Charter proposed is undefined and potentially includes any service that is sold to a consumer. It sounds like a duopolist's dream - use federal funding without local obligations to build essential networks, then restrict state funding to programmatic involvement to fund the network owners. The anticompetitive benefit to incumbents, including the State's largest providers, is clear.

Why prohibit digital equity projects from building community networks that provide "retail service?" How are consumers protected by restricting State investments in digital equity? Ideally, the State will begin to thoughtfully consider local information needs that are not met by the commercial marketplace, including: public health & safety; education; community based economic development; culture & arts; and, civic engagement.

Thanks for your thoughtful consideration of this testimony and please feel free to contact me if you would like more information or perspective on this issue.

Sean Taketa McLaughlin

[REDACTED]