

February 12, 2024

TO: Representative Amy A. Perruso, Chair
House Committee on Higher Education & Technology

FROM: Servpac, Myoung Oh | moh@wik.com | 808-330-2365

RE: HB 1784 – Relating to Taxation

Aloha Chair Perruso,

Servpac is a locally owned company established in 2004 and specializes all-in-one cloud-based technology solution, offering high speed fiber internet, VoIP phones, cloud computing, data center colocation and managed IT services.

We have approximately 45 employees and have contributed to the workforce community through internship programs with graduates from Leilehua High School to develop skills as they enter the cybersecurity and computer network pathway.

The 4% tax credit, although temporary, can have enduring effects as Hawaii strives to establish itself as a leader in the digital economy. With the growing demand for data, equipment becomes a vital component of every business, thereby retaining funds and jobs within Hawaii.

Department of Taxation commented on HB 1784 and requested that there be clearer definition of data server. As such, we offer the following amendment for your consideration.

"Data server" means a computer system [~~used to hold large amounts~~] **designed and configured for the process, storage, retrieval, and management** of electronic data and provide database management and access services to client computers on a computer network.

Mahalo and should you have any questions, please do not hesitate to contact me.

Section 1

The Hawaii State Legislature finds that during emergencies when the power is out, people lose the ability to communicate via cell phone. This loss of a critical communication lifeline to receive emergency instructions and to call 911 puts residents at risk.

In 2020 the Californian Public Utilities Commission required 72-hour backup power for all parts of the network, including cell towers.

Accordingly, the purpose of this Act is to require installation of back up power for telecommunications facilities permits State-wide.

Section 2

§27-45 Broadband-related permits; automatic approval. (a) The State shall approve, approve with modification, or disapprove all applications for broadband-related permits within sixty days of submission of a complete permit application and full payment of any applicable fee; provided that this subsection shall not apply to a conservation district use application for broadband facilities. If, on the sixty-first day, an application is not approved, approved with modification, or disapproved by the State, the application shall be deemed approved by the State.

(b) The State shall approve, approve with modification, or disapprove use applications for broadband facilities within the conservation district within one hundred forty-five days of submission of a complete application and full payment of any applicable fee. If, on the one hundred forty-sixth day, an application is not approved, approved with modification, or disapproved by the State, the application shall be deemed approved by the State.

(c) Permits issued pursuant to this section shall contain the following language: "This is a broadband-related permit issued pursuant to section 27-45, Hawaii Revised Statutes."

(d) An applicant and a public utility shall comply with all applicable safety and engineering requirements relating to the installation, improvement, construction, or development of infrastructure relating to broadband service or broadband technology.

(e) As a condition for any permit under this chapter for a wireless telecommunications carrier to construct, reconstruct, or alter a telecommunications facility, the telecommunications facility shall maintain emergency back up power for a minimum of 8 hours.

~~(e)~~ (f) No action shall be prosecuted or maintained against the State, its officials, or employees on account of actions taken in reviewing, approving, modifying, or disapproving a permit application pursuant to this section, or against public utilities resulting from such actions.

~~(f)~~ (g) The sixty day time period established by subsection (a) shall be extended in the event of a natural disaster, state emergency, or union strike that prevents the applicant, agency, or department from fulfilling application review requirements.

~~(g)~~ (h) If an application is incomplete, the State shall notify the applicant in writing within ten business days of submittal of the application. The notice shall inform the applicant of the specific requirements necessary to complete the application. The sixty-first day automatic approval provisions under subsection (a) shall continue to apply to the application only if the applicant satisfies the specific requirements of the notice and submits a complete application within five business days of receipt of the notice.

~~(h)~~ (i) Nothing in this section shall affect the provisions of section 3 of Act 151, Session Laws of Hawaii 2011.

~~(i)~~ (j) For the purposes of this section, "broadband-related permits" means all state permits required to commence actions with respect to the installation, improvement, construction, or development of infrastructure relating to broadband service or broadband technology, including the interconnection of telecommunications cables, cable installation, tower construction, placement of broadband equipment in the road rights-of-way, and undersea boring, or the landing of an undersea communications cable. The term does not include any state permit for which the approval of a federal agency is explicitly required pursuant to federal law, rule, or regulation, prior to granting final permit approval by the State. [L 2013, c 264, § §1, 5; am L 2016, c 193, §2]

~~(b)~~ (k) Nothing in this section shall be construed to limit the public utilities commission's authority to regulate wireless telecommunications carriers under chapter 269 or to require emergency backup power of greater duration.

~~(k)~~ (l) For purposes of this section, "telecommunications carrier" has the same meaning as in section 269-1."

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

*sections changed from the original draft are in blue

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