

TWENTY-EIGHTH DAY

Monday, March 10, 2008

The House of Representatives of the Twenty-Fourth Legislature of the State of Hawaii, Regular Session of 2008, convened at 12:24 o'clock p.m., with the Speaker presiding.

The invocation was delivered by Mr. Pieper Toyama, Head of the Pacific Buddhist Academy, after which the Roll was called showing all members present with the exception of Representatives Cabanilla, Carroll, Har, McKelvey and Nakasone, who were excused.

By unanimous consent, reading and approval of the Journal of the House of Representatives of the Twenty-Seventh Day was deferred.

GOVERNOR'S MESSAGE

The following messages from the Governor (Gov. Msg. Nos. 269 through 272) were received and announced by the Clerk and were placed on file:

Gov. Msg. No. 269, dated March 5, 2008, transmitting the Department of Human Services' Report to the Legislature as required by House Concurrent Resolution 140/House Resolution 113, House Draft 1, adopted by the 2007 Hawaii State Legislature.

Gov. Msg. No. 270, dated March 5, 2008, transmitting the Department of Human Services' Report to the Legislature as required by Act 213, Part III, Section 54, SLH 2007.

Gov. Msg. No. 271, dated March 7, 2008, transmitting the Department of Human Services' Report to the Legislature as required by section 346-7.5, Hawaii Revised Statutes.

Gov. Msg. No. 272, dated March 4, 2008, transmitting the Aloha Tower Development Corporation Annual Report 2007 (HRS 206-J).

SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. Nos. 362 through 366) were received and announced by the Clerk:

Sen. Com. No. 362, transmitting S.C.R. No. 8, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE GOVERNOR TO RESCHEDULE THE YEAR OF THE FAMILY CELEBRATION FROM 2008 TO 2009," which was adopted by the Senate on March 7, 2008.

Sen. Com. No. 363, transmitting S.C.R. No. 47, S.D. 1, entitled: "SENATE CONCURRENT RESOLUTION RESPECTFULLY REQUESTING THE UNITED STATES POSTAL SERVICE TO COMMEMORATE THE HONORABLE SERVICE OF THE U.S. NAVY'S F-14 TOMCAT IN DEFENDING FREEDOM," which was adopted by the Senate on March 7, 2008.

Sen. Com. No. 364, transmitting S.C.R. No. 52, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM AND THE HAWAII TOURISM AUTHORITY TO IMPLEMENT PROGRAMS TO INCREASE VISITORS FROM TAIWAN, AND REQUESTING THE SECRETARY OF HOMELAND SECURITY TO EXPAND THE VISA WAIVER PROGRAM TO INCLUDE TAIWAN," which was adopted by the Senate on March 7, 2008.

Sen. Com. No. 365, transmitting S.C.R. No. 53, S.D. 1, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE PRESIDENT OF THE UNITED STATES TO ENTER INTO A FREE TRADE AGREEMENT WITH TAIWAN," which was adopted by the Senate on March 7, 2008.

Sen. Com. No. 366, transmitting S.C.R. No. 57, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THAT PAHOA HIGH AND INTERMEDIATE SCHOOL DEDICATE ITS GYMNASIUM IN HONOR OF FORMER REPRESENTATIVE HELENE H. HALE, BY CHANGING THE NAME OF THE GYMNASIUM TO "HELENE H. HALE GYMNASIUM"," which was adopted by the Senate on March 7, 2008.

DEPARTMENTAL COMMUNICATION

The following departmental communication (Dept. Com. No. 67) was received by the Clerk and was placed on file:

Dept. Com. No. 67, dated March 3, 2008, from the Hawaii Labor Relations Board, transmitting the HLRB Information Bulletin No. 46, which provides, by employing jurisdiction, the number of public employees in each of the 13 collective bargaining units established by Hawaii Revised Statutes.

ORDER OF THE DAY

COMMITTEE ASSIGNMENTS

The following resolutions and concurrent resolutions were referred to committee by the Speaker:

<u>H.R.</u> <u>Nos.</u>	<u>Referred to:</u>
121	Committee on Higher Education, then jointly to the Committee on Agriculture and the Committee on Water, Land, Ocean Resources & Hawaiian Affairs
122	Committee on Water, Land, Ocean Resources & Hawaiian Affairs
123	Committee on Energy & Environmental Protection, then to the Committee on Economic Development & Business Concerns
124	Committee on Energy & Environmental Protection, then to the Committee on Finance
125	Committee on Health, then jointly to the Committee on Consumer Protection & Commerce and the Committee on Judiciary
126	Committee on Public Safety & Military Affairs
127	Committee on Health, then to the Committee on Consumer Protection & Commerce
128	Committee on Transportation, then to the Committee on Finance
129	Committee on Education, then to the Committee on Finance
130	Committee on Higher Education, then to the Committee on Water, Land, Ocean Resources & Hawaiian Affairs, then to the Committee on Finance
131	Committee on Higher Education, then to the Committee on Finance
132	Jointly to the Committee on Education and the Committee on Higher Education, then to the Committee on Health

133	Committee on Labor & Public Employment	156	Committee on Education, then to the Committee on Finance
134	Jointly to the Committee on Education and the Committee on Judiciary, then to the Committee on Finance	157	Committee on Higher Education, then to the Committee on Water, Land, Ocean Resources & Hawaiian Affairs, then to the Committee on Finance
135	Jointly to the Committee on Education and the Committee on Higher Education, then to the Committee on Finance	158	Committee on Higher Education, then to the Committee on Finance
136	Committee on Higher Education, then to the Committee on Human Services & Housing, then to the Committee on Finance	159	Jointly to the Committee on Education and the Committee on Higher Education, then to the Committee on Health
139	Committee on Judiciary, then to the Committee on Finance	160	Committee on Labor & Public Employment
140	Committee on Judiciary, then to the Committee on Finance	161	Jointly to the Committee on Education and the Committee on Judiciary, then to the Committee on Finance

H.C.R.
Nos. **Referred to:**

141	Committee on Education, then to the Committee on Energy & Environmental Protection
142	Committee on Higher Education, then jointly to the Committee on Agriculture and the Committee on Water, Land, Ocean Resources & Hawaiian Affairs
143	Committee on Water, Land, Ocean Resources & Hawaiian Affairs
144	Committee on Energy & Environmental Protection, then to the Committee on Economic Development & Business Concerns
145	Committee on Energy & Environmental Protection, then to the Committee on Finance
146	Committee on Health, then jointly to the Committee on Consumer Protection & Commerce and the Committee on Judiciary
147	Committee on Public Safety & Military Affairs
148	Committee on Health, then to the Committee on Consumer Protection & Commerce
149	Committee on Human Services & Housing, then to the Committee on Finance
150	Committee on Human Services & Housing, then to the Committee on Legislative Management
151	Committee on Energy & Environmental Protection, then to the Committee on Judiciary
152	Committee on Health, then to the Committee on Consumer Protection & Commerce, then to the Committee on Legislative Management
153	Committee on Health, then to the Committee on Consumer Protection & Commerce, then to the Committee on Finance
154	Committee on Health, then to the Committee on Consumer Protection & Commerce
155	Committee on Transportation, then to the Committee on Finance

162	Jointly to the Committee on Education and the Committee on Higher Education, then to the Committee on Finance
163	Committee on Higher Education, then to the Committee on Human Services & Housing, then to the Committee on Finance
164	Jointly to the Committee on Health and the Committee on Human Services & Housing, then to the Committee on Consumer Protection & Commerce, then to the Committee on Legislative Management
165	Committee on Judiciary, then to the Committee on Finance
166	Committee on Judiciary, then to the Committee on Finance
167	Committee on Economic Development & Business Concerns, then to the Committee on Legislative Management

S.C.R.
Nos. **Referred to:**

8	Committee on Human Services & Housing, then to the Committee on Finance
47, SD1	Committee on Public Safety & Military Affairs
52	Committee on International Affairs, then to the Committee on Tourism & Culture
53, SD1	Committee on International Affairs, then to the Committee on Economic Development & Business Concerns
57	Committee on Education

COMMITTEE REASSIGNMENT

The following bill was re-referred to committee by the Speaker:

S.B.
No. **Re-referred to:**

2579, SD2	Committee on Judiciary, then to the Committee on Finance
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**INTRODUCTION OF RESOLUTIONS
(FLOOR PRESENTATIONS)**

The following resolution (H.R. No. 143) was announced by the Clerk and the following action taken:

H.R. No. 143, entitled: "HOUSE RESOLUTION COMMENDING MALIA CALDWELL AND MALIA FYFFE FOR THEIR CONTRIBUTIONS TO THE CITIZENSHIP PROGRAMS OF KEALAKEHE HIGH SCHOOL AND FOR WINNING THE ANNENBERG FOUNDATION TRIP TO THE UNITED STATES SUPREME COURT," was offered by Representative Green.

Representative Green moved that H.R. No. 143 be adopted, seconded by Representative Berg.

Representative Green introduced the honorees, Ms. Malia Caldwell and Ms. Malia Fyffe who were seated on the floor of the House, and acknowledged their contributions to citizenship programs and congratulated them on winning the Annenberg Foundation trip to the United States Supreme Court.

Representative Berg further recognized Ms. Caldwell and Ms. Fyffe and introduced Mr. David Huit, Social Studies teacher at Kealakehe High School, who was also seated on the floor of the House.

The motion was put to vote by the Chair and carried, and H.R. No. 143 was adopted with Representatives Cabanilla, Carroll, Har, McKelvey and Nakasone being excused.

The following resolution (H.R. No. 144) was announced by the Clerk and the following action taken:

H.R. No. 144, entitled: "HOUSE RESOLUTION HONORING SEAL DELIVERY VEHICLE TEAM ONE AND SEAL-NAVAL SPECIAL WARFARE FOUNDATION-HAWAII AND ITS FOUNDING BOARD MEMBERS FOR THEIR OUTSTANDING CONTRIBUTIONS, ACCOMPLISHMENTS, AND SERVICE TO OUR STATE AND NATION," was jointly offered by Representatives Mizuno, Brower, Karamatsu, Magaoay and Souki.

Representative Mizuno moved that H.R. No. 144 be adopted, seconded by Representative Brower.

Representative Mizuno recognized the Navy SEAL Delivery Vehicle Team One and commended the SEAL-Naval Special Warfare Foundation – Hawaii support group, and introduced their Board Members who were seated on the floor of the House:

President, Mr. Ron Seiple; Vice President, Mr. Brian Barbata; and Directors, Mr. Dennis Gaughan and Mr. Chad Buck.

Representative Brower also commended the Navy SEAL Delivery Vehicle Team One.

Representative Chang then introduced the honorees representing the Navy Special Forces who were also seated on the floor of the House:

Sr. Chief Brian Mulholland, and LCDR Russ Gerald.

Representative Ward further commended Hawaii's Navy SEALs.

Representative Finnegan further thanked the SEAL-Naval Special Warfare Foundation for the support and assistance to Hawaii's SEAL members and families.

The motion was put to vote by the Chair and carried, and H.R. No. 144 was adopted with Representatives Cabanilla, Carroll, Har, McKelvey and Nakasone being excused.

At 12:46 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 12:56 o'clock p.m.

LATE INTRODUCTION

The following late introduction was made to the members of the House:

Representative Awana introduced Ms. Mary Beth Seiple, wife of retired Captain Ron Seiple, president of the Naval Special Warfare Foundation.

SUSPENSION OF RULES

On motion by Representative B. Oshiro, seconded by Representative Meyer and carried, the rules were suspended for the purpose of considering certain bills on Third Reading on the basis of a modified consent calendar. (Representatives Cabanilla, Carroll, Har, McKelvey, Nakasone, Nishimoto and Wakai were excused.)

THIRD READING

H.B. No. 2700, HD 1:

Representative M. Oshiro moved that H.B. No. 2700, HD 1, pass Third Reading, seconded by Representative Lee.

Representative Waters rose to speak in support of the measure, stating:

"In support, Mr. Speaker. Thank you. I'm happy and thankful to the Finance Chair, Vice Chair and Committee members for their hard work on the Judiciary budget, as well as the staff upstairs.

"I just wanted to point out a couple highlights of what this bill contains. It has an additional \$1.4 million for guardians *ad litem*. Guardians *ad litem* as you know, take care of our most vulnerable members of society: our kids, our *kupuna* and our mentally challenged. It has an additional \$278,000 for a new judgeship in the Hamakua-Kohala area; an additional \$219,000 for equality and access to courts for the Court Interpreter Program; an additional \$451,000 to expand the drug court on Maui; an additional \$682,000 for repair and maintenance of aging facilities; and an additional \$416,000 to increase psychiatric and psychological exams.

"Once again, this is a solid bill. It's not everything that the Judiciary asked for, but it's a good solid step in achieving their goals. Thank you."

Representative Finnegan rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. Just short comments in support. Mr. Speaker, I would like to submit written comments, but I do just have one thing that I did bring up with the Finance Chair with regard to the Judiciary budget in general. It's basically with regard to the federal maximization, and that the Judiciary bill that we were going through earlier, how we would be able to possibly add on another \$3 million in federal maximization revenues if the Judiciary cooperated with the Department of Human Services.

"So I would like to just mention that as we are having this supplemental bill for the Judiciary that that's something that we should also take a look at. Thank you."

Representative Finnegan's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in support with reservations of H.B. 2700 H.D. 1 which appropriates funds to the Judiciary. As we appropriate more funds to the Judiciary, I believe it is their

responsibility and obligation to at the very least apply for this type of additional revenue to our State. My reservations lie not with appropriating funds, but with the danger of losing an opportunity of receiving federal funds for similar programs. Worth exploring is testimony that was provided to the chair of House Committee on Human Services and Housing on H.B. 3135, relating to federal revenue maximization in the Judiciary. Director Lillian Koller testified that, "It is therefore, critical that the State maximize its claims for Federal reimbursements before the block grant conversion occurs." She felt it was imperative that the Judiciary continue to pursue federal reimbursements for our children within our court systems to free up millions of dollars in the State's general revenues before access is limited.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 2700, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," passed Third Reading by a vote of 46 ayes, with Representatives Cabanilla, Carroll, Har, McKelvey and Nakasone being excused.

H.B. No. 2500, HD 1:

Representative M. Oshiro moved that H.B. No. 2500, HD 1, pass Third Reading, seconded by Representative Lee.

Representative M. Oshiro rose to speak in support of the measure, stating:

"Mr. Speaker I rise in support of this measure. Mr. Speaker, I'm standing in support of House Bill 2500, HD 1, the Executive Budget. First, let me thank the Committee Chairs for their contribution to this measure. Their insight and prioritization of programs were invaluable in crafting this budget before us this afternoon.

"And thank you also the Members of the Finance Committee. They began the careful review of the Governor's Supplemental Request four months ago in December and I believe used the Department budget briefings as opportunities to analyze and prioritize the thousands of expenditure decisions that make up the Executive Budget. Mr. Speaker they have been diligent with their responsibilities as Members of the Finance Committee and have suffered long hours without complaint, but indeed kept attentive to the hard choices before us and always respectful of differing opinions. Each in their own way Mr. Speaker, has been instrumental in prioritizing the expenditures and making these reductions. And all of them Mr. Speaker should be very proud of the work product we have before us today.

"Mr. Speaker I would like to also thank the House Finance Staff, and I'm glad they're here in the gallery with us today, for all their hard work this Session. This budget is a combination of the efforts of many, and although the budget analysts are the ones most directly involved, there are many issues in the budget that tie back to bills that we recently decked about a week ago. And none of these efforts could be possible without the backbone of the office, the young men and women who you see in the front office day-in and day-out.

"And so if you would indulge me for some time Mr. Speaker, they're in the gallery with us this afternoon and I'd like to introduce them. First the front office and please stand when your name is called: Allison Lee, Mary Ann Kawano, Jeff Yamashiro, Casey Ching, Jo Hamasaki and Tracy Kubota. Also with us are the Researchers: Nicolette Rowe, Akio Adams, Erik Abe, Stacey Tagala and Randall Hiyoto. And of course our Budget Analysts who work closely with the Finance Committee Members: Leslie Goo, Lauren Endo, Daniel Han, Hunter Gradie, Jonathan Conner, Shaun Kindred, Stan Kubota, CIP expert Puna Chai, Eric Nouchi and Michael Ng. A round of applause please.

"Thank you, Mr. Speaker. And of course the Budget Chief who's not here, Nandana Kalupahana. Mr. Speaker special recognition is also due to the Vice Chair, Representative Marilyn Lee, as she ensured that Members were well-fed, maintained their health and reminded all of us to avoid too much salt, to exercise regularly and attend to nature when she calls. She kept us moving forward during my brief absence and no better Vice Chair could one hope for.

"Mr. Speaker a year ago this Legislature was looking at robust revenue projections, and there was a lot of buzz about large surpluses. At the same time, however, there were several warning signs that the economy was beginning to slow. At this time last year, the Council on Revenues was projecting a growth at 6 percent."

Representative Luke rose to yield her time, and the Chair, "so ordered."

Representative M. Oshiro continued, stating:

"Thank you. However, your Committee did not believe it would last. As such last year we began the difficult task of scaling back State expenditures, while at the same time ensuring that critical programs were provided with responsible, sustainable funding.

"We ended the 2007 Regular Session with a package of bills and a budget that didn't spend everything. We left a healthy ending balance, knowing that it would be needed if revenues did not meet projections: \$200 million by FY 2009, versus the Executive's \$43 million. Mr. Speaker we were socially progressive, but fiscally conservative. But even that, to some, was not enough.

"Surprisingly, our actions brought a lot of criticism from the Administration. In op-eds and commentaries in local newspapers and blogs, several people in the Administration were saying that my cautious attitude about revenues was spreading 'doom and gloom' and creating unnecessary panic. They were asking: 'Why didn't we spend more? Why didn't we give bigger tax breaks? Why can't we have it all?' Mr. Speaker, politicians often get the bum rap for 'not looking ahead' or not being able to look beyond the next election. The plain and simple truth is that the budget we passed last year, set us on a solid path to avoid whole-scale, debilitating cuts to State government this year.

"Mr. Speaker, I have also heard that the Committee Report attached to this budget offends some people. If any Member of this Chamber feels offended, let me offer my sincere apology. Please know that any criticism therein was directed to the Executive Branch and not this Chamber, nor the one across the way.

"Furthermore Mr. Speaker, and importantly, it was not meant to provoke, but simply to set the record straight. Everything written in the Committee report comes from published government reports, newspaper articles, written commentaries, press releases and public speeches. It is not conjecture. It is not theory or conclusion. It is not open to interpretation. It is simple fact. And I am calling a spade, a spade.

"Mr. Speaker, as I mentioned earlier, we ended the 2007 Regular Session with a revenue projection of 6 percent for FY 2007. When the Council met at the end of May 2007, they revised that projection downward from 6 percent to 4 percent, causing an \$80 million loss in projected revenue for FY 2007; and in total, a \$290 million loss in projected revenue for FY 2009, the end of our budgeting cycle. When we got to the end of the fiscal year, June 30, 2007, actual revenues came in even lower than what was projected. Instead of the 4 percent projected by the Council, revenue came in at 3.4 percent. This meant that we actually collected about \$100 million less than what had been projected when we ended the Session. That loss would translate out to more than \$350 million by FY 2009.

"For FY 2008, revenue projections went from 6 percent at Sine Die last year, to 5.7 percent in September 2007, to the current 4.9 percent right now. In total, when you compare the Council on Revenue's

projections that we worked with last year to where we are today, there is a \$414 million loss in revenue by the end of FY 2009.

"Mr. Speaker as you know, the Council is meeting again in two days. So I ask all of us in this Chamber, what do you think the Council will do? What will be the revised projections? What impact will it have upon the Budget and Financial Plan?"

Representative Mizuno rose to yield his time, and the Chair, "so ordered."

Representative M. Oshiro continued, stating:

"Thank you, Mr. Speaker. Thank you, Representative. Mr. Speaker this is not the time to say, 'I told you so.' It is also not the time to point fingers at one another. It is time to prepare ourselves for a slowing economy, make do with what we have, and live within our means. It is time to face reality. We must hope for the best, but we must prepare for the worst.

"This operating budget totals \$5.3 billion in general funds, and \$10.7 billion in all means of financing. Mr. Speaker, this budget cuts State government by \$67 million, approximately 1.3 percent. Mr. Speaker, the budget before you cuts State government. And so people may ask, 'what are the impacts of these cuts and how will it affect people?' To be quite honest, unfortunately I don't know the particulars. I wish I did. But, I do know that someone's 'ox will be gored'. You see Mr. Speaker, I asked the Governor and her Administration to work with us, and I was told they could not reply to our request for information. In the coming days and weeks I'm sure that we'll see exactly what the impacts of these cuts are going to be. But I continue to hope that we can work together on this. It is what the public demands and expects of each and every one of us.

"Mr. Speaker, this is an honest budget. It doesn't create false expectations, or make empty promises. Moreover, I expect my counterpart in the Senate to conduct her own due diligence and independent review of this budget. I also expect she will apply the Council on Revenues March projections to the financial plan. In other words Mr. Speaker, I do not expect a 'rubber stamp' approval of the Senate.

"In closing, there will be tough economic times ahead and especially tough decisions to be made. Therefore, let us put aside false expectations and personal legacies, and brace ourselves for the inevitable economic downturn and its effects. With courage and compassion, being cordial and honest, let us pledge ourselves to work together to ensure that core government services are maintained for the health, safety and welfare of all Hawaii's people. To this end, I humbly ask for the unanimous support of all Members. Thank you, Mr. Speaker."

Representative Meyer rose to speak in support of the measure with reservations, stating:

"Thank you Mr. Speaker. I'm rising in support with some reservations. I too would like to thank the Finance Committee and all their staff. They have been very helpful. I think this has probably, as far as the budget briefing; it was the best I've ever sat through. You were there. And it was very helpful for everybody, all Members of the Committee.

"I also appreciate the good cheer of the staff that stays late hours; they're always helpful. And the Vice Chair definitely does make sure we have food to eat and I'm particularly fond of someone in her office that fixes fabulous salads and great soups, and so we are eating healthy over there. So that's a good thing.

"In January after the Governor submitted the Supplemental Budget, the State Council on Revenues downgraded their State revenue forecast from 5.7 percent to 4.9 percent which translates into approximately \$37 million less revenue. Therefore, at a minimum, we in the House knew that we would need to trim at least \$37 million

from the budget. The Council on Revenues predicted a reduced growth rate, but State revenues are still growing. We are projected to take in over \$5.3 billion in State taxes this fiscal year. Next year the number is closer to \$5.5 billion. We are projected to cross the \$6 billion threshold in four fiscal years. These numbers hold true even if the Council on Revenues revises their projections lower next week.

"But these numbers can increase if the State Department of Taxation continues to collect delinquent taxes. And the Department of Education and the Judiciary follow through in compliance with the laws we passed to task them to maximize federal revenues. And we have mentioned the latter to the Finance Chair and we will work collaboratively to make this a reality.

"But what do these revenue numbers mean? Simply, we don't have a revenue problem moving forward. Growth rates are moderate but our revenues are growing. We have a spending problem and it isn't a problem that is easily fixed. According to the Department of Budget and Finance's February 19 letter to the Chair of Finance, 83 percent of the \$5.3 billion in revenue we take in, or approximately \$4.5 billion rounded off, is dedicated to non-discretionary spending; that is salaries, benefits, debt service, and other entitlements such as worker's compensation, insurance, consent decrees and other mandates.

"I guess one of my reservations that I have has to do with not making certain policy decisions. I feel that we could make some different policy decisions that could help our budget situation. Let's take a look at one area. According to the same letter from the Budget Director, \$169 million, and that's rounded up, is being paid out in health insurance premiums to the EUTF or the Employer-Union Trust Fund. These are the health benefits to our State workers.

"How do we reduce costs like this? One proposal we have advocated for is medical liability insurance reform. This is a prime example of how legislation has fiscal consequences and consequences on this budget bill. Proponents of medical liability reform stated earlier this Session that in Texas, which recently passed medical liability insurance reform, insurance premiums dropped from 8 percent to 16.4 percent. We know from the examples of others..."

Representative Caldwell rose to a point of order, stating:

"Mr. Speaker, point of order. I didn't know we were debating medical liability tort reform this afternoon. I think we're talking about the budget."

The Chair then stated:

"Yes. But the Chair will allow the Minority Floor Leader to continue her dissertation based on the fact that it is tied to the budget. Please proceed."

Representative Meyer continued, stating:

"Thank you, Mr. Speaker. This is just an example of how we could cut some costs. We know from the examples of other States that medical liability insurance premiums, healthcare prices and health insurance premiums drop when medical liability insurance reform is enacted. So let's take the lower number, 8 percent. If that reduction in medical liability insurance premiums translates into a 2 percent in health insurance premiums, guess what? On our current health insurance price tag, that translates into a \$3.4 million reduction in the amount we have to pay into the EUTF. And that's a big number."

Representative Ching rose to yield her time, and the Chair, "so ordered."

Representative Meyer continued, stating:

"Add that to the \$10 million in potential federal revenue that the Department of Education is not drawing, and the \$3 million in potential federal revenue that the Judiciary is not even attempting to

draw, and you're looking at a revenue increase of approximately \$16 million, or almost half of the currently projected revenue shortfall. That's just one of my concerns. Thank you, Mr. Speaker."

Representative Pine rose to speak in support of the measure with reservations, stating:

"Yes Mr. Speaker. I also want to thank the Finance Chair and the staff for their hard work. I do support this budget with some reservations.

"As I mentioned in the budget Committee, I did have a lot of reservations that cuts were made and things were added that were not the priority of the various departments that often know their departments better than us.

"I expressed a lot of concern about the \$50 million reduction in the Dwelling Unit Revolving Fund. There is talk that the Conveyance Tax was going to infuse more money, but in speaking with the Governor's Office, they said they already made that calculation and needed this additional \$50 million so they can eventually transfer the people that are in the current homeless shelters to affordable housing, and they needed to start building those right away to make that transfer.

"I'm very concerned that \$50 million, instead of funding affordable housing, that we decide for the same amount of money to fund a high-technology park that's listed in our budget on page 87. This is not a priority of any department, and we already have a high-tech park in Mililani.

"I'm very concerned about the 50 percent reduction in the maintenance of dams, which would amount to \$7.265 million. I know that not every legislator has a dam in their district, but it wasn't that long ago that the Kaloko Dam incident took place. So I'm very concerned about that cut.

"I'm also concerned about the reduction in funding to program areas such as in EDN 400 and EDN 500, which supplies funding for School Food Services for our *keiki*, as well as transportation and after-school programs for our *keiki* as well.

"On page 5 of the Conference Committee Report it says, 'This budget does not contain any frivolous new proposals, but fulfills the basic needs to ensure sustainability. Such sustainability is needed, for as Hawaii's economy continues to grow, there are the signs on the horizon. Indeed your Committee would be remiss if it failed to soberly face the challenges ahead. As a result, your Committee has crafted a balanced budget that reflects the economic realities before us, while providing for the critical needs and demands of our communities.'

"So what did we cut? We particularly focused on the Department of Education. We eliminated the funding for Kapaa Elementary School's library, which is number 24 on the DOE's priority list. This is one of my many disagreements with the new House version of the budget.

"It eliminated funding for Konawaena Middle's locker room building, which is number 28 on the DOE's priority list.

"The new budget eliminated design funds for Kaunakakai Elementary School's new classroom buildings, which is number 24 on the DOE's priority.

"The new budget eliminated planning and design funds for Kapolei II Elementary School, which is a concern I know from the Kapolei Representative, but she's not here so I'll speak for her in protest of this cut. This was number 26 on the DOE's priority list.

"The new budget also eliminated from the Governor's budget all funding for Kihei High School, which is number 33 on the DOE's priority list.

"Together these projects account for \$41,530,000 that were priorities in the Governor's budget. Our Report said that there's no frivolous things being spent, but I have to disagree.

"So instead of funding these needed things for various schools, this new budget provides \$1.7 million for a new synthetic turf field for Leilehua High School's stadium. It gives \$930,000, almost \$1 million for another synthetic turf field for Mililani High School stadium, and another turf field for Castle High School's football field for another \$700,000.

"I'm very concerned about what was cut and what's being funded in its place. Again I highly respect the Committee Members and those who worked hard on the budget, but I respectfully disagree with these cuts."

Representative Ward rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I rise with a few brief comments in support. Mr. Speaker, I first applaud the fiscal conservativeness as expressed by the Chair of Finance. It's greatly appreciated. I certainly applaud his macro-financial perspective, it's very encouraging. I don't always agree with some of the micro perspectives that's following that, but it's very appreciated in the approach that was taken by this budget.

"And the approach that was filled with energy and openness, that was especially refreshing and thanks to the Chair and the staff and all the people who were very helpful to make sure that we know what we are talking about. Mr. Speaker, you and I know, as you've been the past Chair of the budget, there's a lot of mystery and 'mumbo-jumbo' if you will, in the budget. It's still not fully transparent. We are getting closer, and it's very, very encouraging, even with the GIA full-day session on Saturday. We're progressing. Someday there may be a one-stop website to show all government spending under one Internet address.

"But with that Mr. Speaker, I think we have a long way to go, and I want to express two disappointments with this budget. Number one is timing. In a matter of 48 hours, the Council on Revenues is going to meet. Why do we have to have such important discussions as we are today, two days away from what otherwise they may cut a percentage or two percentage? One percentage cut is about \$50 million. So in a way, we're all kind of talking speculative, in that the Constitution says the Council on Revenues are the ones that dictate how much money we are going to spend. So I feel like structurally, yes we're going to get our leg up and get the Senate to know and react and the Executive. But there seems to be a better way of timing in order to get that information using objective, factual information from the Council on Revenues before we do this.

"My second disappointment in a way was kind of cut in half by the apology from the Finance Chair. I thought the tenor and tone of the Finance Committee Report for the budget was just scurrilous, it was just harsh, it was critical. But the good gentleman, the Finance Chair has apologized and I think that's sufficient, however I would like to see his floor speech inserted in the Committee budget as a way of compensating what otherwise was full with IFL-phobia, that is the 'irrational fear of Lingle' that kind of got written all over the budget report Mr. Speaker.

"And I want to thank you for sitting in on the session on the Saturday before last, and that added to I think the objective production in this process. For those reasons Mr. Speaker, I will vote with reservations."

Representative Lee rose to speak in support of the measure, stating:

"Mr. Speaker I'd like to speak in favor of the budget. Mr. Speaker, our State and our nation have enjoyed unprecedented prosperity over the past decade. However, world events including a prolonged war in

Iraq costing over \$10 billion a month, unstable conditions in the Middle East, coupled with steady increases in the price of oil, have resulted in a weakening U.S. economy, the fall of the dollar to a record low of 1.51 against the Euro, and a less positive outlook for our State in the near term.

"Hawaii has escaped the brunt of the sub-prime mortgage crisis and resultant credit freezes, and according to recent reports, many businesses are thriving. Still there is concern about declining revenues, a downturn in construction and real estate sales, and fears that worsening conditions on the mainland may impact Hawaii soon. Most of us, as we have heard, are awaiting the coming projections of the Council on Revenues with increasing anxiety because as we know each percentage up or down means \$45 million.

"Yet there is room for optimism and good reason to support this thoughtful and carefully prepared budget. Members of Finance will tell you they had an opportunity to look at the budget line by line, and to make suggestions at that time. Departments and the Administration were also clearly asked for their input and in many cases, more than once. Members heard budget wish lists during the Budget briefings. Priorities were set such as the strong support for lower and higher education, the environment, homelessness and affordable housing, and improved access to emergency and medical services, addressing Hawaiian issues, promoting sustainability and energy conservation.

"No credible budget in the House would be possible if it were not for the amazingly talented, bright and patient Finance staff. The opportunity to work with them is golden, and I do mean it. However, budgets such as this in the year of declining revenues and increased costs will need the full cooperation of all, not only in coming forth with full disclosure, but also looking at ways to increase productivity without increasing costs.

"In closing, Mr. Speaker, kudos to the Chair of Finance whose can-do attitude constitutes the heart of this budget. I urge the Member's support. Thank you."

Representative Wakai rose to speak in support of the measure, stating:

"Thank you Mr. Speaker. I rise in support of the budget. Mr. Speaker it's easy to criticize those who come up with the State budget. The Representative from Hauula was correct when she said the State has a spending problem. So let's explore that statement.

"Governor Lingle came into office after the 2002 General Election. The budget submitted at that time was \$3.47 billion. The budget submitted by Governor Lingle this year was \$5.3 billion. Over the six years with Governor Lingle, the budget has grown by \$1.9 billion or about 9 percent per year. Under the Cayetano Administration, the budget grew from \$3.12 billion, to \$3.43 billion. Under his eight years as governor, Governor Cayetano's budget grew by \$319 million or about 1.2 percent.

"The State budget has grown nearly seven times as much under Governor Lingle's Administration and we still have two more years to go. So the numbers don't lie. The Administration certainly has and does have a spending problem and needs to be placed on a South Beach spending diet.

"After the past six years, the Legislature has been hard pressed to keep the size of the government from actually ballooning over the past six years, and this is certainly a new beginning for Hawaii. Under the Administration, we are moving Hawaii forward, forward into deeper and deeper debt. Thank you, Mr. Speaker."

Representative Finnegan rose to speak in support of the measure with reservations, stating:

"Thank you Mr. Speaker, with reservations. I wanted to comment in regard to, or make a quick response in regard to it's the Governor's

fault that we have all this increased spending. But I thought that it was the Legislature that controlled the House purse strings, as we have been reminded over and over and over again on this House Floor, how we have the control, how we are the people who appropriate cash or any money. So I just want to keep that in mind that if that's what you want to say, it takes two for that dance.

"But I do want to talk about this a little more. I do want to say that I think that there was a lot of thoughtfulness and this budget was put together very carefully. I appreciate, not only the intent, but all of the work that was put into this from everyone here. I also do have to thank at this moment our House Minority Staff because they really worked hard for us. We don't have that big of a staff, but we do a lot with them and that's with Boyd Akase and all the team members upstairs and I'd like to put in all of their names individually since they're not here for me to recognize. But they really worked hard on this, in combination with working on all the other Committees at the same time.

"Mr. Speaker what I would like to comment on is just elimination of vacancies and those position. And just in my reservations talk about some of the things that we are eliminating and just does not have an explanation as to why we are doing it, but in the making of this budget, because I realize it is a process and it's not going to end until later on in this Legislative Session that I wanted to bring up a couple things. The Department of Commerce and Consumer Affairs, I don't understand why they're targeted with the reduction in vacancy for positions that are notoriously difficult to fill due to the specific job requirements.

"First as everyone knows in this Chamber, or should know, they are funded through the Compliance Resolution Fund, the special fund into which all their fees are deposited. Secondly, we are still running at a very low unemployment number, still below 3 percent. Again the specific and technical nature of some of the 32 vacancies eliminated under the DCCA and the small labor pool, it would make sense that these vacancies would have gone unfilled for some time. The point with making is that that's not a part of the general fund. So if there are plans to do like raiding of the Compliance Resolution Fund to put it into the general fund, that should be made known. If not, then those vacancies shouldn't be eliminated.

"Mr. Speaker also while it is understandable to reduce General Fund appropriations from the departments, why would you reduce federal funding authorization from the Department of Human Services, the Department of Health and the Attorney General? Some of these vacancies are also of a technical nature, making them difficult to fill, but these vacancies are also funded with federal money. Are we contemplating giving the \$1.5 million in federal money back, rather than providing social services, healthcare and law enforcement services? Mr. Speaker, I think we've come across that before in the past with the elimination of these federal funded positions. We came across that in years past and I just want to remind us that we are still facing those same situations of federally funded vacancies.

"And then the third thing in regard to vacancies is just as it was explained in testimony in the Finance Committee from my understanding that some of these vacancies actually have warm bodies. Somehow there are warm bodies in these positions, or some are currently in the recruitment process, or some of them, offers have been made and maybe they're under negotiations. So what may look like vacancies to us are not necessarily vacancies to these different departments. So as we move forward in this budget in the making, I just would appreciate maybe some of the review of some of these issues. Thank you."

Representative Finnegan submitted the names of the House Minority Research Staff as follows:

Boyd Akase, James Delavan, Nadine Nishioka, Michele Van Hessen, Candace Kelsey, Anthony Davis, Jayna Reynon, Tracy Okubo, Krystal Leong, and Rito Saniatan.

Representative Bertram rose to speak in support of the measure with reservations, stating:

"Thank you. I rise in support with a reservation of course, for the elimination of Kihei High School funds from the budget. Kihei has been without a high school for a really long time. Right now traffic congestion is terrible from having to bus and drive these folks over to the other side of the island, up to 1,000 kids.

"However, actually, one of the things that I keep telling my constituents is, don't rely on the State. The State really doesn't have the money. We don't. And the thing that we've done is we've worked with private developers. We built our middle school this way. He built the school. He financed it and then leased it back to the Department of Education. That's actually the way we wanted to go with our high school. Unfortunately the DOE stepped up and wanted to do it the normal way. If anything, this reiterates that this is not the way to do it anymore. We really do have to look at public-private partnerships to accomplish anything. I'm only hoping that this is going to inspire us to work with the developer who did do our middle school to actually step forward and help us reiterate and get a new project together to actually build our school ourselves.

"I think more and more that as communities realize the tight financial situations we're in, it really is going to take that kind of dedication toward public-private partnerships that's going to make the difference. So I actually thank them for eliminating it at this point just to encourage more and more of these types of situations. Thank you."

At this time, Representative Saiki called for the previous question, seconded by Representative Sagum, and by unanimous consent, the motion carried.

The motion was put to vote by the Chair and carried, and H.B. No. 2500, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," passed Third Reading by a vote of 46 ayes, with Representatives Cabanilla, Carroll, Har, McKelvey and Nakasone being excused.

At 1:36 o'clock p.m., the Chair noted that the following bills passed Third Reading:

H.B. No. 2700, HD 1

H.B. No. 2500, HD 1

INTRODUCTION OF RESOLUTIONS

By unanimous consent, the following resolutions (H.R. Nos. 139 through 142) and concurrent resolutions (H.C.R. Nos. 164 through 170) were referred to Printing and further action was deferred:

H.R. No. 139, entitled: "HOUSE RESOLUTION REQUESTING A TASK FORCE TO DETERMINE AND REPORT THE COST OF FUNDING A CONSTITUTIONAL CONVENTION IN THE STATE OF HAWAII," was jointly offered by Representatives Belatti, Meyer, Wakai, Ward, Brower, Luke, Marumoto, Nishimoto, B. Oshiro, Rhoads, Sagum, Saiki and Takamine.

H.R. No. 140, entitled: "HOUSE RESOLUTION REQUESTING A STUDY OF THE CREATION OF A FOURTH CIRCUIT COURT TO BE LOCATED AT THE KAPOLEI COURT COMPLEX," was jointly offered by Representatives Har, Awana, Karamatsu, Magaoay, Manahan, McKelvey, B. Oshiro, Shimabukuro, Waters, Yamane, Chang, Chong, Ito, Lee, M. Oshiro and Rhoads.

H.R. No. 141, entitled: "HOUSE RESOLUTION REQUESTING THE DEPARTMENT OF HEALTH AND THE DEPARTMENT OF EDUCATION TO CONDUCT A FULL INVESTIGATION INTO THE CAUSES OF ILLNESSES REPORTED BY STUDENTS AND TEACHERS AT WAIMEA CANYON MIDDLE SCHOOL DURING OCCASIONS IN 2006, 2007, AND 2008," was jointly offered by Representatives Sagum and Morita.

H.R. No. 142, entitled: "HOUSE RESOLUTION URGING THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION TO IMPLEMENT A PLAYOFF SYSTEM TO DETERMINE A NATIONAL CHAMPION IN THE FOOTBALL BOWL SUBDIVISION OF COLLEGIATE FOOTBALL," was jointly offered by Representatives Takai, Awana, Brower, Ching, Green, Karamatsu, Marumoto, Mizuno, Nishimoto, Thielen, Wakai, Waters, Chang, Evans, Hanohano, Herkes, Souki, Takamine, Tsuji, Ward and Yamashita.

H.C.R. No. 164, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A STUDY ON THE IMPACT OF ACT 226, SESSION LAWS OF HAWAII 2007, ON NURSE AIDES WHO ARE EMPLOYED IN STATE-CERTIFIED OR STATE-LICENSED HEALTH CARE SETTINGS TO PROVIDE A BASIS FOR THE LEGISLATURE TO DECIDE WHETHER TO AMEND ACT 226, SESSION LAWS OF HAWAII 2007," was jointly offered by Representatives Lee, Green and Mizuno.

H.C.R. No. 165, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING A TASK FORCE TO DETERMINE AND REPORT THE COST OF FUNDING A CONSTITUTIONAL CONVENTION IN THE STATE OF HAWAII," was jointly offered by Representatives Belatti, Meyer, Wakai, Ward, Brower, Luke, Marumoto, Nishimoto, B. Oshiro, Rhoads, Sagum, Saiki and Takamine.

H.C.R. No. 166, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING A STUDY OF THE CREATION OF A FOURTH CIRCUIT COURT TO BE LOCATED AT THE KAPOLEI COURT COMPLEX," was jointly offered by Representatives Har, Awana, Karamatsu, Magaoay, Manahan, McKelvey, B. Oshiro, Shimabukuro, Waters, Yamane, Chang, Chong, Ito, Lee, M. Oshiro and Rhoads.

H.C.R. No. 167, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT AUDIT OF THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY," was offered by Representative Evans.

H.C.R. No. 168, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF HEALTH AND THE DEPARTMENT OF EDUCATION TO CONDUCT A FULL INVESTIGATION INTO THE CAUSES OF ILLNESSES REPORTED BY STUDENTS AND TEACHERS AT WAIMEA CANYON MIDDLE SCHOOL DURING OCCASIONS IN 2006, 2007, AND 2008," was jointly offered by Representatives Sagum and Morita.

H.C.R. No. 169, entitled: "HOUSE CONCURRENT RESOLUTION URGING THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION TO IMPLEMENT A PLAYOFF SYSTEM TO DETERMINE A NATIONAL CHAMPION IN THE FOOTBALL BOWL SUBDIVISION OF COLLEGIATE FOOTBALL," was jointly offered by Representatives Takai, Awana, Brower, Ching, Karamatsu, Marumoto, Mizuno, Nishimoto, Thielen, Wakai, Waters, Chang, Evans, Green, Hanohano, Herkes, Souki, Takamine, Tsuji, Ward and Yamashita.

H.C.R. No. 170, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE UNIVERSITY OF HAWAII AND THE DEPARTMENT OF EDUCATION TO DEVELOP, OFFER, AND EXPAND PHILIPPINE LANGUAGE COURSES," was jointly offered by Representatives Chang, Belatti, Herkes, Karamatsu, Magaoay, Manahan, Mizuno, Nishimoto, Sagum, Tokioka, Tsuji, Wakai, Brower, Ito and Sonson.

ADJOURNMENT

At 1:37 o'clock p.m. on motion by Representative B. Oshiro, seconded by Representative Meyer and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Tuesday, March 11, 2008. (Representatives Cabanilla, Carroll, Har, Herkes, McKelvey and Nakasone were excused.)