

TWENTY-NINTH DAY

Monday, March 16, 2009

The House of Representatives of the Twenty-Fifth Legislature of the State of Hawaii, Regular Session of 2009, convened at 12:05 o'clock p.m., with the Speaker presiding.

The invocation was delivered by Mr. Brad Kaiwi Lum of the Family Equality Coalition Hawaii, after which the Roll was called showing all Members present with the exception of Representatives Carroll, M. Oshiro and Takai, who were excused.

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

SENATE COMMUNICATION

The following communication from the Senate (Sen. Com. No. 414) was received and announced by the Clerk:

Sen. Com. No. 414, transmitting S.C.R. No. 43, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE DIVISION OF CONSERVATION AND RESOURCES ENFORCEMENT TO APPLY FOR ACCREDITATION WITH THE COMMISSION ON ACCREDITATION FOR LAW ENFORCEMENT AGENCIES, INC.," which was adopted by the Senate on March 13, 2009.

ORDER OF THE DAY

COMMITTEE REASSIGNMENTS

The following measures were re-referred to committee by the Speaker:

H.C.R.Nos. Re-referred to:

- 94 Committee on Human Services, then to the Committee on Legislative Management
- 108 Committee on Water, Land, & Ocean Resources, then to the Committee on Transportation

S.B.Nos. Re-referred to:

- 19, SD1 Committee on Labor & Public Employment, then to the Committee on Finance
- 50, SD1 Jointly to the Committee on Water, Land, & Ocean Resources and the Committee on Energy & Environmental Protection, then to the Committee on Finance
- 169, SD2 Committee on Health, then to the Committee on Higher Education, then to the Committee on Finance
- 390, SD2 Jointly to the Committee on Energy & Environmental Protection and the Committee on Housing, then to the Committee on Consumer Protection & Commerce, then to the Committee on Finance
- 420, SD2 Committee on Health, then to the Committee on Consumer Protection & Commerce
- 474, SD1 Committee on Judiciary, then to the Committee on Finance

605, SD1 Committee on Energy & Environmental Protection, then jointly to the Committee on Consumer Protection & Commerce and the Committee on Judiciary, then to the Committee on Finance

754, SD1 Committee on Housing, then to the Committee on Legislative Management, then to the Committee on Finance

807, SD1 Committee on Education, then to the Committee on Energy & Environmental Protection, then to the Committee on Finance

892, SD1 Jointly to the Committee on Consumer Protection & Commerce and the Committee on Judiciary, then to the Committee on Finance

1069, SD1 Committee on Water, Land, & Ocean Resources, then to the Committee on Finance

1103, SD1 Committee on Judiciary, then to the Committee on Finance

INTRODUCTION OF RESOLUTION
(FLOOR PRESENTATION)

The following resolution (H.R. No. 106) was announced by the Clerk and the following action taken:

H.R. No. 106, entitled: "HOUSE RESOLUTION RECOGNIZING THE HAWAII FOOD BANK, RICHARD GRIMM, PRESIDENT OF THE HAWAII FOOD BANK, FOODLAND, SAFEWAY, TIMES SUPERMARKET, AND CHAD BUCK FOR THEIR EXEMPLARY SERVICE TO THE PEOPLE OF HAWAII," was jointly offered by Representatives Mizuno, Brower, Cabanilla, Hanohano, Shimabukuro and Bertram.

Representative Mizuno moved that H.R. No. 106 be adopted, seconded by Representative Brower.

Representative Mizuno commended the Hawaii Foodbank and introduced the following honorees representing the Hawaii Foodbank seated on the Floor of the House:

Mr. Richard Grimm, President of the Hawaii Foodbank; and
Mr. Mike Kajiwara, Director of Product Donations.

Representative Mizuno also introduced and recognized Mr. Chad Buck, owner of the Hawaii Food Alliance, the largest individual donor to the Hawaii Foodbank.

Representative Brower then recognized major corporate donors to the Hawaii Foodbank:

Foodland, represented by Mr. Ed Treschuk;
Times Supermarket, represented by Mr. Bob Stout; and
Safeway, represented by Mr. George Glukfeld.

The motion was put to vote by the Chair and carried, and H.R. No. 106 was adopted with Representatives Carroll, Ito, M. Oshiro and Takai being excused.

At 12:26 o'clock p.m. the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:33 o'clock p.m. with Vice Speaker Magaoay presiding.

SUSPENSION OF RULES

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the rules were suspended for the purpose of considering certain House bills for Third Reading by consent calendar. (Representatives Cabanilla, Carroll and Takai were excused.)

UNFINISHED BUSINESS

Representative M. Oshiro, for the Committee on Finance presented a report (Stand. Com. Rep. No. 985) recommending that H.B. No. 900, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative M. Oshiro, seconded by Representative M. Lee and carried, the report of the Committee was adopted and H.B. No. 900, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE BUDGET OF THE OFFICE OF HAWAIIAN AFFAIRS," passed Third Reading by a vote of 48 ayes, with Representatives Cabanilla, Carroll and Takai being excused.

Representative M. Oshiro, for the Committee on Finance presented a report (Stand. Com. Rep. No. 986) recommending that H.B. No. 300, as amended in HD 1, pass Third Reading.

On motion by Representative M. Oshiro, seconded by Representative M. Lee and carried, the report of the Committee was adopted and H.B. No. 300, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," passed Third Reading by a vote of 48 ayes, with Representatives Cabanilla, Carroll and Takai being excused.

At 12:35 o'clock p.m., the Chair noted that the following bills passed Third Reading:

H.B. No. 900, HD 2
H.B. No. 300, HD 1

STANDING COMMITTEE REPORTS

Representative Mizuno, for the Committee on Human Services presented a report (Stand. Com. Rep. No. 989) recommending that S.B. No. 697, as amended in HD 1, pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.B. No. 697, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR," passed Second Reading and was referred to the Committee on Consumer Protection & Commerce with Representatives Carroll and Takai being excused.

At 12:35 o'clock p.m. Representative M. Oshiro requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:38 o'clock p.m.

THIRD READING

H.B. No. 200, HD 1:

Representative M. Oshiro moved that H.B. No. 200, HD 1, pass Third Reading, seconded by Representative M. Lee.

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

"Mr. Speaker, I rise in support of HB 200, HD 1. As is tradition in the Chamber, I will be speaking in support of this draft, but at the outset I ask for your indulgence and despite the somber and serious tone of my remarks, I promise that I will leave you with some 'Good News.'

"But, before I proceed, I need to recognize some very important people whose hard work and inquisitive natures continue to serve us very well.

These are the Finance Committee Permanent and Session staff who are in the gallery. So if you will indulge me, I would like to read off their names and titles.

Tracy Kubota – Administrative Assistant;
Jo Hamasaki – Zookeeper, Iron Chef Finance, Research and Budget Assistant;
Carmen Rodrigues – Legislative Aide;
Taryn Lum – Legislative Aide;
Lei Learmont – Legislative Aide;
Sallie Hamada – Legislative Aide;

Nandana Kalupahana – Committee Clerk
Michael Ng – Budget Chief;
Eric Nouchi – Budget Supervisor;
Puna Chai – CIP Specialist;
David Hawkins – Budget Analyst;
Tijay Syn-Rodrigues – Budget Analyst;
Jonathan Conner – Budget Analyst;
Susan Fernandez – Budget Analyst;
Alexandra Coelho – Budget Analyst;
Michael Bomhoff – Budget Analyst;
Leslie Goo – Budget Analyst;

Randall Hiyoto – Research Chief;
Stacey Tagala – Research Supervisor;
Erik Abe – Researcher;
Nicole Saul – Researcher; and
Jennifer Taylor – Researcher.

"And I believe that this may be Eric Nouchi's last time with us. He'll be moving on to bigger and brighter things I believe, with the Department of Education after this Session.

"I really want to thank all of you for helping us, and I ask the Members for a round of applause for the budget staff please.

"Mr. Speaker, I would also like to thank the members of the Finance Committee, and the respective Committee Chairs for all their input, suggestions and responses to requests from the Finance Committee budget analysts. Starting in December, the development of this budget has been guided by the invaluable input of the Committee Chairs and the Members of the Finance Committee.

"We have our veterans; those who are not freshmen: Representatives Awana, Brower, Har, Nishimoto, Pine, Sagum, Tokioka, Ward, and Yamashita.

"And of course, our fabulous freshmen: Representatives Aquino, Choy, Coffman, Keith-Agaran, Chris Lee, and Wooley.

"And last, but certainly not least, my own Vice Chair Marilyn Lee, who from time to time conducted the hearings, drove the agenda, and ruled with 'an iron fist, but velvet touch.' When members lost their way, she was quick to draw them into line and keep the process moving. She is my copilot, first mate, and exemplifies the adage that 'behind every good man is a very great woman.'

"To all of you, thank you for spending so much time and effort in constructing this difficult budget. You have certainly earned your seat on this important Committee. Think about it. We started meeting in late November with our initial overview of the financial plan, the 2008 Supplemental Budget, and you learned about the Council on Revenues and its significance. We worked on holidays, weekends, and held the longest Committee hearing in recent memory. You have demonstrated to your constituents and your colleagues that you take your Finance Committee assignments and responsibilities seriously.

"Please know that I appreciate that some of you had to cross over the aisle. That some of you had to distance yourself for awhile from your special interest friends. The briefings have been long, hearings extensive, and decision making complex and controversial. Your stamina and kind

demeanor is one for the record books. As your Chair, I appreciate your sacrifice and statesmanship.

"You all have my heartfelt appreciation. Indeed, I am standing to speak today only because you have stood by me *before* today. I know this is not an easy budget, but I'm reminded of something our new President said at his inauguration:

What the cynics fail to understand is that the ground has shifted beneath them – that the stale political arguments that have consumed us for so long no longer apply. The question we ask today is not whether our government is too big or too small, but whether it works – whether it helps families find jobs at a decent wage, care they can afford, a retirement that is dignified. Where the answer is yes, we intend to move forward. Where the answer is no, programs will end. Those of us who manage the public's dollars will be held to account – to spend wisely, reform bad habits, and do our business in the light of day – because only then can we restore the vital trust between a people and their government.

"Mr. Speaker, this budget cuts \$235 million for fiscal year 2010, and \$170 million for fiscal year 2011, over and above the budget submitted by the Governor back in December.

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

Representative M. Oshiro continued, stating:

"Thank you, Representative. Thus, these cuts to the budget are in addition to the Governor's proposed cuts of \$208 million in fiscal year 2010, and \$185 million in fiscal year 2011, of which we have adopted in part.

"Mr. Speaker, although I appreciate the Governor finally submitting an official financial plan to the Legislature on Tuesday, March 4, 2009, I was expecting a revised plan deserving of the courtesy we displayed. We gave the Governor almost 60 days from the Council on Revenue's January 9th projection of a minus three percent growth rate. The Governor's March 4, 2009 revised financial plan seemingly hinges upon 9 action items: 7 House Bills and 2 Budget items. What's of concern is a lack of detail for us to critically consider them. In a nutshell, much is speculation and blind assumption. The Committee Report before you details these concerns, so I won't repeat them here.

"Mr. Speaker, I am also disturbed by the Governor's sudden change of heart and her unilateral decision to end open discussions with the Legislature on fixing the budget shortfall. Equally so, her unilateral proclamation that there will not be any layoffs or raising of taxes. If I might, forget that the fact that I don't believe in 'pulling rabbits out of a hat,' or 'wishing upon an evening star,' or believing that I will find a 'pot of gold at the end of the rainbow.' Mr. Speaker, I honestly thought we had pledged to work together, that it would not be business as usual, that she would even 'walk across the aisle.' Mr. Speaker, it is as if the Governor that I was fast becoming friends with, who I referred to in my office as my 'BFF,' 'Best Friends Forever,' had returned from the cold and distant Nation's Capitol with a different mindset, a different political agenda, and somewhat wrapped up in national GOP politics.

"Honestly, what happened? What happened to all things being on the table? Wasn't the Governor the one to admit that even the Hawaii Hurricane Relief Fund was up for consideration? That although she despised gambling, it too needed to be considered. And even the fact that she moved off her prior position of using or raiding non-general funds. The Governor even proposed the initiative, and asked me to submit the bill for her, to raise taxes for transportation needs and highway improvements. She also asked me to float a bill to raise sin taxes on cigarettes. I thought it was premature at best, not having seen the details of our budget reductions, to pass judgment and summarily discard all options. It appears suspicious, especially before the Council on Revenues issued its revised projections last week.

"Mr. Speaker, it brings me no pleasure to make these recommendations, and we may not be able to avoid laying off employees of State

government. I have wrestled with this for many weeks and it has bothered me deeply. But we can make sure that those who may be affected, have the essential support services and options to help them.

"So let me make this public promise: that it is my intention to consider all reasonable options that may allow us to reconsider, yes reconsider, the decisions we make in this draft today. Indeed, I would rather be in gross error and find my assumptions ridiculed and mocked, than have anyone lose their job. I would rather be adjudged and found disloyal, than have it be said that I put political expediency over people or policy and indulged fantasy over facts."

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

Representative M. Oshiro continued, stating:

"Thank you, Representative. Likewise Mr. Speaker, it brings your Finance Committee no joy to make these recommendations. But in times such as these, it can bring opportunity. Opportunity to re-examine functions of government and simply ask some key questions: Does this make sense? Why are we doing it this way? Should government be doing this? Or should this be left to the non-profit or private sector?"

"We took a different tack this year, Mr. Speaker. Early on, the Chair of the Ways and Means Committee and Vice Chair, along with Vice Chair Lee, met with the directors in private meetings. We did so privately so we could be frank and candid with each other in what we were facing. It was a useful meeting because there, we discussed some of the issues and problems they had with the legislative process. Even Georgina Kawamura, the Budget and Finance Director, acknowledged the value of having that meeting and encouraged, even cautioned all department heads to play close attention to the requests coming in from the Committees on Ways and Means, and Finance. It is my belief that she understood and appreciated the shift in the approach to the budget by this Legislature.

"Mr. Speaker, your Committee understands that what we asked the departments to do was difficult. Change usually is. Habits are hard to break. But that's the burden of leadership we all carry and must rise to. And while I realize that we are ultimately the policy-making body, our policies need to be tempered by practicality of work place norms and customs. This requires the cooperation and consultation of those who administer the programs and serve the public: the managers, the supervisors, the department directors, and especially the line agents. Top to bottom. Bottom to top.

"Mr. Speaker, for the most part, the directors were responsive and appreciative of our requests. May I highlight just one individual in particular, and that is the Director of Land and Natural Resources, Laura Thielen, who personally agonized over her task and responsibility to prioritize the functions of the department she leads. The decisions she made were not easy, nor free of criticism, but she made them. She even stayed with your Committee until 5:00 a.m., in the morning, to be available and participate in the hearing process.

"A few directors were not so diligent, responsive or available. It serves no purpose to dwell on that at this time, but the public record and the members of the Finance Committee know who I am talking about. They know who was available and ready to serve, when we had to make those difficult choices

"Mr. Speaker, paradigm shifts are rarely easy or stress free. One example: We posed the fundamental question to the Department of Business, Economic Development and Tourism and the Department of Commerce and Consumer Affairs – What's the difference between a department dedicated to business and a department dedicated to commerce? Aren't they one and the same?

"Those in the system will claim that the goal of the Department of Business, Economic Development and Tourism is to ensure support for commerce in the State. And those in the system at the Department of Commerce and Consumer Affairs will say it serves a business regulatory role. Does this have to be mutually exclusive? I don't think so. If

businesses are being charged a fee to be regulated and registered, shouldn't they be supported as well?

"The Department of Business, Economic Development and Tourism also seems to be the repository of stray entities or functions; the place for half a dozen 'foster children' who might otherwise have no home. In other words, they are administratively attached. The Statewide Land Use Management, the Natural Energy Laboratory of Hawaii Authority, the High Technology Development Corporation, the Hawaii Strategic Development Corporation, the Hawaii Tourism Authority, the Foreign Trade Zone.

"This draft proposes the following: transferring Statewide Land Use Management to the Department of the Land and Natural Resources; NELHA to the University of Hawaii ..."

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

Representative M. Oshiro continued, stating:

"Thank you. The Foreign Trade Zone to the Department of Transportation; and the High Tech Development Corporation to the Department of Commerce and Consumer Affairs.

"Mr. Speaker, locally and nationally, one issue seems to be gathering momentum. One issue seems to be the key to our economic and political future as a nation: energy. Perhaps it's time to elevate this to a fully fledged department of its own. Perhaps it's time for the State to have a Department of Energy and High Technology.

"In order to secure a future of energy independence, renewable technology and the research and science that go with it need to be nurtured and supported. Perhaps it's time to revisit the goals and functions embodied in NELHA, the High Tech Development Corporation, and the Hawaii Strategic Development Corporation. Perhaps these currently independent entities with their individual governance structures need to be working more closely to share in developments and progress.

"Although the answers to these questions may not come, and the issues may not be settled before we conclude the 2009 Session, we set the discussion in play for further consideration. This is more than a fiscal decision, but one that involves a multitude of disciplines and crosses over and between many relevant divisions and agencies.

"In closing, let me reflect upon some observations. During this process, especially in the last couple of weeks, there have been those seeking to pit public employees against the public they serve, taxpayers against taxpayers, public verses private, or to pit the House against the Senate. For those deploying these unfruitful tactics seeking to conquer and divide this community, forestall honest and open dialogue, and resort to worn out *clichés* and partisan rhetoric, I plead to you, stop. Enough is enough.

"It is time for our community to put away these childish ways. This is the time for us to come together, to put aside our petty political differences and our personal political agendas, and join together with our better selves to help carry the load. We who love Hawaii and call her home are in the midst of a global economic crisis not unlike, but probably more severe than the terrorist acts of September 11, 2001. As then, so as today, we must come together.

"The financial crisis we face is real. I will not sugar coat it, nor dumb down the reality of what we face. To do so would be political malpractice. I am not saying that the 'end of the world' is at hand, nor the 'sky is falling.' But, anyone who suggests that we weather this storm as we have done in the past, or that the status quo holds the cure, needs to be shaken from their sleep and brought back to life. This is not the time for slogans like, 'We can have it all,' or 'Don't worry, be happy.'

"Mr. Speaker, I am once again reminded of the words of our native son; a son of Hawaii who is now the new President of the United States:

Our challenges may be new. The instruments with which we meet them may be new. But those values upon which our success depends — hard work and honesty, courage and fair play, tolerance and curiosity, loyalty and patriotism — these things are old. These things are true. They have been the quiet force of progress throughout our history. What is demanded then is a return to these truths.

What is required of us now is a new era of responsibility — a recognition, on the part of every American, that we have duties to ourselves, our nation, and the world, duties that we do not grudgingly accept but rather seize gladly, firm in the knowledge that there is nothing so satisfying to the spirit, so defining of our character, than giving our all to a difficult task.

This is the price and the promise of citizenship.

"Mr. Speaker, your Committee on Finance has accepted its responsibility to craft a budget constrained by the fiscal realities thrust upon us. We have not taken the easy route, but embarked upon a new path for others to follow. The journey thus far has not been easy, but we have carried each other and we have left no one behind. We have worked hard, honestly, courageously – and with unbowed loyalty to our constituents, our communities and to the people of Hawaii whom we serve. We have given our all, without complaint or strife, and manifested our collective will to this most difficult task, and we have memorialized the same in the attached Committee Report.

"Mr. Speaker, last week we had to make numerous difficult and unpopular decisions. Our work is not done. We will face equally challenging options and decisions in the coming days, weeks and months. But we will succeed. We shall overcome. And this too shall pass. And, that is the Good News that I promised you, and leave with you this day. Thank you, Mr. Speaker."

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, I rise in opposition. Thank you. Before I give the three reasons why I am in opposition, I want to thank the Chair of Finance for the 'Good News.' The sweet coating that you gave here was probably less so than in your remarks. Although I am pleased to have yielded to you. It was very conscientious of you, very gracious remarks, but very grave remarks. It has been a pleasure serving with you, and thank you for the extraordinary effort that was taken to balance this budget.

"Also Mr. Speaker, I want to thank some of the best and brightest minds in this office – the staff. I'm not sure which one of you is the 'Zookeeper,' but you have done a good job of keeping us together and I know some of the names I was called might fit into that analogy.

"Having said that Mr. Speaker, I want to paint my remarks in a larger context. The backdrop of my concerns are as follows. First, this budget doesn't fit within the national economy and the efforts that are going forward to keep the United States and the world, if you will, from further decay. The world, the nation, and our State is suffering its worst credit crisis since the 1930s, and this budget will not help that situation. Let me give you a quote from Federal Reserve Chairman, Ben Bernanke. He said, 'The United States has avoided the risk of plunging into a depression.' This is really good news. We can strike the word 'meltdown' from our vocabulary in this Body. It's taking away the fear factor of a financial free fall.

"But secondly he said, 'There's no lack of money in the world. Just a lack of confidence.' Very profound words that hark back to what FDR told us, 'the lack of confidence, not of money and its supply.' I'm afraid that this budget is not a confidence builder, and that's what this Body needs to be, a confidence builder.

"Bernanke went on to say that, people and institutions with money, private investors that is, sitting now on the sidelines rather than being in the game, he said they were the key to the turnaround. Private money is fearful and holding on to their money. Key players have called time out. Mr. Speaker, that's the kind of confidence we need to get. For those who

are calling time out, those who do have the funds to invest, they need to get back on the field.

"And finally, Bernanke was asked, 'What would be a clear sign that we've come out of this?' He said private investors putting their capital into our banking system. That is buying stocks in the banks. When that happens, we will be totally out of the woods, giving confidence to businesses and investors so they will do that. Mr. Speaker, I submit that this budget does not push that confidence to the businesses. It does not push that confidence to the investors. And let me outline the three reasons why that is the case.

"Firstly, this budget raises taxes. That's strike one against anybody taking money out of their pocket to invest. Over 30 percent of the budget gap is based on new taxes in this budget, and it balances the State budget on the backs of the people of Hawaii. I should add that it's a double burden for those on the Neighbor Islands because they have the TAT tax, the \$100 million that's going to be transferred from them to Oahu. So it's a double burden for them.

"We are often told that one of the cardinal rules of hard economic times is not to burden consumers so that liquidity in the economy can be maintained. Interestingly, President Obama is contemplating a middle-class tax cut. Not tax increase, as we are proposing here. Burdening the people of Hawaii with new taxes is not the policy to follow ..."

Representative B. Oshiro rose to a point of order, stating:

"Point of order. This bill is not about a tax increase. It's about the budget. We passed the tax increases last week. Thank you."

Representative Ward continued, stating:

"The budget is the budget, Mr. Speaker. The same way you'd say that the State economy is not really talked about in terms of the national economy. The national economy is the same as the State economy. I'll try to keep the nexus very clear.

"The tax increases that this budget is premised upon balancing, and particularly one tax that we should not even mention ..."

Representative M. Oshiro rose to a point of order, stating:

"Mr. Speaker, point of order. Again, I think it was raised earlier by the Majority Leader, but this is not a bill dealing with taxation. This is the State Budget bill."

Representative Finnegan rose to a point of order, stating:

"Mr. Speaker, point of order. I believe in order to speak about the budget, you have to talk about revenues, as well as expenditures. That's how we look at balancing the budget. I think it's very within the purpose of the Representative speaking currently to speak about tax increases."

The Chair responded, stating:

"Representative Ward, could you ..."

Representative Ward continued, stating:

"Mr. Speaker, I won't say anything else about taxes. I'll just show a visual aide, if that's sufficient. I won't say anything else about taxes."

The Chair responded, stating:

"Representative Ward, could you please proceed and confine your remarks to the contents of the House bill that we have before us."

Representative Ward continued, stating:

"Mr. Speaker, my point is that this Body needs to be mindful that consumer spending, keeping money in the pockets of the consumer is how our economy is going to recover.

"Seventy percent of our economy is spending; 15 percent is investment; 15 percent is government spending. But right now, between President Obama and Governor Lingle, 85 percent of the job, if you will, the drudgery of getting this economy kick-started, is in government's court. The point and the key to our recovery is getting that other part of the economy moving. That's why this budget is detrimental to that.

"If the budget is going to be balanced by raising taxes, it's equivalent to a man who is drowning and throwing water on him. That's what this budget will do for some."

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

Representative Ward continued, stating:

"Thank you, Representative. That was number one: tax increases. Number two, the reason why I can't vote for this budget is because it's putting people out of work. This is strike two against our economic recovery. These layoffs that are in the budget are premature and unnecessary. 374 people from the Department of Health and the Department of Human Services will be on the street within a matter of months. This is the body that usually cares very deeply for the weakest among us. Yet 70 percent of the warm body cuts are for the Department of Health. And those cuts in the Department of Human Services are for eligibility officers, those who actually sign up people to get benefits so we can take care of the weakest and most vulnerable.

"Some will say that these are redundant programs, but I submit that you ask those who are going to be on the streets on July 1 if they agree with you. The problem is that we are only half way through the budget process and I believe we have prematurely cut out the livelihood of about 400 people without consideration of other options of which Mr. Speaker, I would submit, we have millions of dollars still on the table. We have plenty of different options before we go to warm bodies.

"Governor Lingle has said, and I reiterate, 'I remain committed to balancing the budget without raising taxes or laying off employees. Either of these actions would further weaken our economy.' Mr. Speaker, we must think of the big picture. We must balance the budget, but we have to think about what's beyond next year and the year after. What's going on in the nation. What's going on in the world. Weakening the economy with taxes and layoffs is not the answer.

"Mr. Speaker, my exact sentiment is, I just quoted from the Governor; until we find that we absolutely cannot balance the budget, then and only then do we consider raising taxes or laying off people. The wise Chair of Finance, he may be correct, but not now. Wait until you see everything analytically and diagnostically, with precision, systemization and orderliness, and then we arrive at those things. But not now, prematurely.

"And now to my final and third reason for opposing this budget. I oppose this budget because of inaccurate and unfair statements that it makes which will jeopardize, possibly, federal funding for some of our very important renewable energy programs. This is strike three against economic recovery.

"For example, why does this budget decimate 90 percent of the programs of DBEDT? Why so many of it's programs are transferred out of the Department? Why does this budget cut the salary of the Director of Human Services, Lillian Koller, who by her own initiative and entrepreneurship literally brought in hundreds of millions of dollars, \$175 million of federal funds which heretofore were not in the budget. Why is her salary cut out? Why is her position cut out? Is there anything vindictive implied by that? What's really going on here?"

"But perhaps the unkindest cut of all, or perhaps the lack of professionalism present in this budget is in the statement of the Committee Report, suggesting that the Hawaii Clean Energy Initiative, which is one of the best in the nation, is either a failure or has no measures of success for a strategic plan. This statement is not only untrue, but could jeopardize federal funds and millions of dollars in grants-in-aid that the Department is

seeking. If Washington or the Congress get a hold of this, and they say that there is no confidence in the Hawaii Clean Energy Initiative, why did we go there last year, the Department of Energy, and point out that Hawaii is one of the best models? Hawaii has one of the best potentials for being a national, if not international model. This budget will jeopardize those funds.

"Let us all remember that it is this same clean energy program that the US Department of Energy chose last year as the one most likely to succeed in the nation.

"Therefore in summary Mr. Speaker, this budget raises taxes, cuts warm bodies, contains inaccurate analysis of the Executive programs, and to me this constitutes three strikes and the impairment of Hawaii's economic recovery. For the foregoing reasons, I'm voting no on this budget. Thank you, very much."

Representative Pine rose to speak in opposition to the measure, stating:

"Mr. Speaker, may I be permitted to possibly look around the room occasionally to thank certain people? Mr. Speaker, I rise in opposition to H.B. No. 200. It is a quiet assumption that when you vote against a bill in this Chamber, that you are not supporting the Chair of that particular Committee who made the final decision. Mr. Speaker, I am voting against the budget for no such reason. In fact Mr. Speaker, I am voting against this budget because I wholeheartedly support the Chair and the Finance members, the staff, and you Mr. Speaker.

"This weekend, I just couldn't sleep. And that often happens when my gut feels that something is terribly wrong. I was reminded of one of my favorite quotes. 'A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but where they ought to be.'

"I am voting against this budget because we failed to follow you, Mr. Speaker, to where we needed to go to solve this crisis, and today I will stand with you. Mr. Speaker, we killed all your labor-related ideas that could have been included in the budget, and would have prevented us from raising taxes and firing good people. Even ideas that asked the employees to sacrifice as little as \$14 per month, but would have saved the State \$30 million was killed in Committee, leaving the Finance Chair and staff very little wiggle room to close the budget gap.

"If employees and legislators donated one day a month toward working without pay, the State could save almost \$100 million, Mr. Speaker. This is also off the table today. Mr. Speaker, I believe that it was not the intention of Members to reject your solutions entirely. Decisions were made in the Labor Committee based on not being given the whole picture of the crisis that we are in. To quote my friend from across the aisle, maybe the lack of information had all of our heads in the sand about the realities we are faced with.

"Sitting on the Finance Committee, the crisis became very real. Mr. Speaker, Chair Oshiro, my fellow members of the Finance Committee, and to the Finance staff, I have been deeply honored to serve with you. You are some of the hardest working people I have ever met, and I know that you did everything in your power to find a balanced budget based on what you were given. Thank you, for all that you have done.

"With the Council on Revenues last week projecting another huge shortfall, our new total that we must find is almost a billion dollars. This is a staggering shortfall of projected revenues for such a small state. This is the largest budget shortfall in Hawaii's history. Today the budget before us is now obsolete, and so we must be bold and bring back solutions that were previously off the table.

"Mr. Speaker, we have almost 100,000 residents in the State of Hawaii who have been blessed by the taxpayers to either have pay raises almost every year, superior benefit packages, or a steady retirement income. These generous benefits make up over 60 percent of the budget you see here before you today. This is one of the highest ratios in the nation. State employees are in a unique position to help save Hawaii from our economic crisis. Just a little sharing of resources by State workers can go a long way

to ease the overwhelming burden that Hawaii families are feeling and will feel when this Legislature concludes in May.

"Mr. Speaker, I believe union members too, did not know the full extent of the crisis that we were in when they came to the Capitol to fight against any bill that touched their benefits. I also believe that these very same members would rather give a little than to see their friends lose their jobs and taxes increase on the people of Hawaii."

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

Representative Pine continued, stating:

"Mr. Speaker, we must be bold. We must revive some of the labor ideas to the Floor that were killed in Labor Committee to help share the burden. Yes, this may be leading us to where we may not want to go, but it is exactly where we need to be to prevent a total shut down of State government and tax increases that will cripple our economy for many years to come. Political will and union support could help revive these ideas. Just passing the buck to the Governor to negotiate with the unions ensures that only she has to make the difficult choices.

"Now Mr. Speaker, I love football. And being that I am Catholic and part Irish, I just love Notre Dame. Their famous football coach, Lou Holtz said something that we can all live by today. To solve big problems you have to be willing to do unpopular things. That is what the Finance Committee did. We were asked by Leadership to put everything on the table. Tax increases were proposed. Government spending was cut. Over 300 of our friends in State government will no longer have jobs. The Finance Committee even cut worthy programs. We cut the Disability and Communication Access Board which my good friend and my first campaign manager is a member of. That was the hardest cut of all for me. He is a disabled veteran from Vietnam, just a few votes shy of being awarded the Medal of Honor for his heroism. I'm sure many of you have seen him riding around in his electric wheelchair, so happy to be a voice for so many of the disabled.

"The Finance staff, with a heavy heart, recommended the cut because it duplicated other programs already in existence. And with a heavy heart, I too voted for this cut. And to my friend Mark who is out there, I hope one day you will forgive me for the tough decision that I had to make. I am very sorry.

"We all need to share in these tough decisions, even if it means that we have to go to our biggest supporters who got us here, and tell them, 'My friend, this year I cannot help you. Instead I need you to just this once, just give a little to help all the people of Hawaii.'

"Yes Mr. Speaker, this is an extraordinary time that requires brave leadership. And maybe we're all here today for this very moment in time, to show the people of Hawaii that we are willing to do whatever it takes to help them. And we are even willing to sacrifice our own political careers to do what is right.

"On page nine of our Finance Committee Report, it says, 'During times of financial crisis, the burden of sacrifice must be shared by all.' In this spirit then Mr. Speaker, let's really do this. And let's really do this beginning today."

The Chair then announced:

"Members, on this measure we've had a long discussion. We had two Members from the Minority and one from the Majority. I will be asking for one more speaker, Representative Marilyn Lee. If you want to insert comments into the Journal, you may stand up to insert your comments whether you are for or against the bill."

At 1:22 o'clock p.m. Representative Finnegan requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:26 o'clock p.m.

The Chair then addressed the Body, stating:

"Members, before we start, what we will do is Representative Marilyn Lee will be the last person from the Majority to speak. We will have one more speaker from the Minority, Representative Finnegan ..."

Representative Souki rose to a point of order, stating:

"Mr. Speaker, point of order. I also wish to speak, and I'm sure there are others who wish to speak."

At 1:26 o'clock p.m. the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:28 o'clock p.m.

The Chair then addressed the Body, stating:

"Prior to the recess, I mentioned that Representative Marilyn Lee would be the last from the Majority, and Representative Finnegan for the Minority. There was a request from another member to speak. I will ask the Members who want to speak, to speak."

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

"Thank you, Mr. Speaker. I rise in support of the measure, and I promise not to speak too long. Mr. Speaker, I rise in support of the measure. Recently the National Conference of State Legislatures reported fiscal year 2009 stands out as the year to remember, though one not likely to be looked on fondly by state legislatures. Lawmakers were aware of the slowing economy when drafting their fiscal year 2009 budget, but none could have foreseen the magnitude that has stricken state finances.

"In February, NCSL forecasted the largest fiscal year 2010 double digit gaps would be in Nevada, Arizona, New York, California, Louisiana, Washington and Hawaii. The most recent projections from the Council on Revenues confirm the fear that weaker tax collections and other receipts have made the fiscal situation in Hawaii even more tenuous. It is unfortunate that the Governor has chosen to include over \$200 million in unrealistic revenue assumptions in her financial plan.

"The budget you see before you is the result of weeks of briefings, hearings, meetings, study and consultation by the Chair, the members of the Finance Committee and the Finance staff. Sincere efforts were also made to conduct open discussion with the Administration. Much credit should be given to all the participants in the process. The Finance staff who you see in the gallery, working 24-7, always with a smile on their face. The Chair who has put his heart and soul into the process and works harder than anybody. And the members who never complained about giving up weekends, staying until the wee hours of the morning, or waiting patiently for the decision making to come.

"Some may see the budget as 'draconian.' In essence it is a reflection of the uncertainty of the times and a reminder that each and every one of us will have to help our State recover and move forward. This means taxpayers, businesses and public employees will all have to be a part of the solution.

"The *Honolulu Star-Bulletin* opined in a recent editorial, cooperative effort is needed to spread the budget pain evenly. In contrast, the *Advertiser* has reminded us yesterday that ultimately the budgeting challenge is not to spread around the fiscal pain in an even layer, but to insulate as much as possible, those areas in health, education and social services that are most in demand, core, and most vulnerable during this economic distress. Mr. Speaker, these decisions are not easy, and the Committee has agonized over how to stretch the revenues which have become increasingly limited.

"Economist Jared Diamond has written about how nations respond to economic crises in his book, *Collapse*. Diamond is cautiously optimistic about the ability of the US economy to rebound, but lays out fundamentals that need to be addressed: attitudes towards foreign governments; environmental issues; and last, but most importantly, resistance to basic change.

"He further states that when decision makers themselves are affected, they will be motivated to make good choices. Mr. Speaker, each and every one of us here today will be affected by the decisions we make this year. The bill before us is not perfect, but is a strong beginning grounded in reality. I urge the Members' support. Thank you."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. First of all, I would like to recognize the people of the House Minority Staff in our research office, because not only do they cover the budget for us, but they also cover all of the other Committees as we have had some cut backs within our own office. I'd like to mention their names because without them, we wouldn't be able to do what we do. Boyd Akase, our Director; Nadine Nishioka, Candace Kelsey, James Delavan, Michele Van Hessen, Claire Draper, Kelsey Wells, Brett Huelsman, and Nancy Cook Lauer. They have really done a great job of trying to help us through this very difficult time.

"I'd also like to echo the words of many who have been saying that our Chair of Finance has done an excellent job. I know that you can see it in his eyes; he's tired, but he's still working very hard for the people of Hawaii. He is almost at times, unfairly shouldering the burden for a lot of us in regards to this decision making process.

"One comment that I would make however, is in regards to the personal, political agendas. You see Mr. Speaker, we come from two different Parties, and we have two different ways of looking at things. I don't think that this is political politics or personal agendas. What this is, is a contrast in beliefs, and at times I think it is appropriate for us to talk about the contrast in beliefs. Far too often we talk about how this is a political personal agenda, but what it is, it's a difference in opinion.

"Mr. Speaker, I hear from the people outside of this Capitol everyday. My mother-in-law, who was let go last year, still has not been able to find a job in the private sector. She was a private sector employee. My sister who was an Aloha Airlines employee continues to not have a job. These people on the outside are saying, on top of these types of cutbacks and layoffs, that you are going to look at increasing our costs through higher taxes. That's what we're saying here, Mr. Speaker. And if we are going to look at all options and try to share the burden, that we need to look at government spending, and that means sharing the burden so we can try to prevent layoffs, or avoid other layoffs.

"In hard economic times, Mr. Speaker, we need people to have jobs. How do we avoid layoffs? We avoid layoffs by having State government employees share in that burden so that the person next to them doesn't have to go without a job. And that's what we're asking for us to take a look at.

"What are some of the other problems with layoffs, Mr. Speaker? It's the terms, 'bumping' and 'red circling.' 'Bumping' says that if you're at a higher paid level, that you can bump somebody lower, at a lower paid level. What does that mean? They keep their job and the other person doesn't keep their job. They also bring with them their higher salary. So what does that mean? They bring with them their higher salary, therefore, the job that they may be getting paid for is not necessarily the most effective use of our tax dollars. So you might be having somebody who's making \$70,000, they take their ability to bump someone off who's making \$40,000. You're still paying someone \$70,000 for a \$40,000 position. You can do that from department to department, so it might mean a disruption in services. Governor Cayetano, our former Governor said that when this happened, when there was an impasse, that that is what took place. And the savings that we talked about, that we are balancing the budget with, was never realized. It never materialized.

"So what I'm saying here is logically, this is not the way to do it. In a time, if you want to talk about being courageous, let's talk about being courageous. Courageous would be taking programs that don't work, and in a time when the economy is good, then you do those deep cuts so they can find a job in the private sector when the economy is good. That's courageous.

"Mr. Speaker, I just want to talk about one other thing, and that's my passion for public school education. There's a statement here about Charter Schools. It talks about how, in all of the budget, the Charter Schools submitted an increase in spending. The increase in spending that they submitted had to do with ..."

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

Representative Finnegan continued, stating:

"Thank you, Representative. What took place is over the years, we've said it before. When it comes to Charter Schools, public Charter Schools, the funding mechanism, the fact that they don't have money for facilities and they're using that per pupil amount that they receive for their kids, they're using that amount for facilities and other things. There's also a report that has just come in and I'm not exactly sure what it says, but it talks about the possibility of Charter Schools not receiving an equitable share of federal funding as well.

"So they are already not at a level playing field. And, for the 2008-2009 school year, the Charter Schools already took an 8.8 reduction, I believe, before anybody else started taking reductions. On top of that, for 2009-2010, they'll be taking a 17 percent across the board cut. So that is why I disagree with this statement made in here. The way we fund Charters is different, and by making this statement, it makes me understand that maybe the people that see these numbers don't understand how Charter Schools get funded.

"So Mr. Speaker, for all of those reasons, I stand in opposition. Thank you, very much."

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

"Yes Mr. Speaker and Members of the House, I wish to speak for the measure with one or two reservations. First of all, I want to compliment the Chairman, the Committee and the staff for doing a wonderful job in balancing the budget. It's no easy task. Mr. Chair and Vice Chair, your dedication has shown. But even as dedicated as the Chair and Vice Chair are, I question one item. I hope Mr. Chair, that as this moves along, you will look at it. This is the stripping of the Department of Business, Economic Development and Tourism. It's a reorganization of sorts, and maybe long overdue. But the manner in which it was done borders on cavalier. Something like this, as great of a change that it is, I believe it requires a statutory change. I believe it requires a hearing so that people can voice their opinions, and not be settled in one Committee. As powerful as the Finance Committee is, I don't think it should be the determinant as to whether an agency can continue in its way, or if a change is necessary.

"I have served in that Committee, Mr. Chairman and Members, so I know the responsibilities, the heavy responsibilities and duties of the Committee. I have shared the long hours also. I know what that is. I know you get tired and you need to make tough choices. But Mr. Chairman and Members, as you go along, re-look at that with the Committee. It might be a constitutional problem. I don't know. It certainly is a statutory problem.

"As far as the staffing is concerned, an argument has been brought up. I know there are cuts that need to be made. But whether the timing is right, it may not be. Again, I ask of you, as you move along, and you revisit those cuts on labor again. Cuts will have to be made, but the question is, how. And what is the best way? Are furloughs the best way? Should we cut on a straight line? Or on the particular positions? All these things need to be looked at, and I'm sure they will be in the end if you need to balance the budget.

"I'm not opposed to tax increases. I've never been. If it's necessary so we can continue to provide for the people of Hawaii a quality of life that they have had in the past, then we must continue give them that. It's our duty. We should not be afraid and not shirk from that. Mr. Chairman, you have never been afraid of that and I congratulate you for that. But I wish

you would take to heart some of the points that I have made. And hopefully, as you work with the Senate, we can resolve this. Thank you Mr. Chairman, and Members."

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

"Thank you, Mr. Speaker. I'd like to rise and speak with reservations. I note that this budget cuts out several warm bodies. But because of our bumping provisions, cuts I believe are an unworkable method to save money. I believe that furloughs are easier to take than drastic layoffs. I rise simply to suggest that we consider furloughs, but also provide assurances to our government employees that a furlough not be considered a break in service. I think we might need some legislation to protect against this. Thank you."

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

"I'm standing in support. I don't have any planned rhetoric. I wasn't planning to speak, however, I feel compelled to speak with the comments that were made since 298 of the positions talked about on this Floor come from the Department of Health. That means 298 field positions out of 374 projected in this budget involve people under the purview of the Department of Health.

"I stand in strong support and I commend the Chair. I have had many sleepless nights on this matter, Mr. Speaker. It bothers me deeply. All I can say is Mr. Speaker, I respect the Chair for taking my recommendations for these employees being laid off. He looked at the members and he looked at the positions. If you go through this, Mr. Speaker, 568 positions are administrative, 250 are managers, 94 are accountants, and 55 are planners. These are people with families and we don't take this very lightly.

"However Mr. Speaker, what upsets me most is, as Chair, I've been waiting here. I haven't seen a plan. I haven't seen anything from the Administration on how to deal with this certain crisis. As Chair, I remain open and looking for an option to prevent these layoffs. We talked about furloughs on this Floor, but I haven't seen it. Where is it, Mr. Speaker? Where is the leadership and the plan to prevent these cuts from happening? As Chair I've been waiting patiently. I've asked this Administration. I've asked the budget people to please sit with us, privately or openly, to address these concerns. So if people on the Floor of this House want to talk about people losing their jobs and affecting their families, then you know what? There's some people out there who need to wake up and come down and start working as a team. Thank you."

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

"Mr. Speaker, in support. I just wanted to make two quick points. One is, when we heard all the so-called, 'take back' bills in the Labor Committee where we considered reducing benefits for government employees, the Republican on the Committee voted with the Majority on every single vote. I think, obviously, from that Member's perspective, the arguments that were made were as convincing to that person as they were to the Majority Democrats.

"Secondly, for people to say that government workers aren't going to take any pain in this recession is just ridiculous. They're still on the hook. Just because we decided not to go back on the deal with them, that you would have lower wages and better benefits in the long run, that doesn't mean that people aren't going to be laid off. Whatever the Governor is saying right now, I think she's being extremely unrealistic if she really believes that there aren't going to be any layoffs. Mahalo."

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

"Thank you very much, Mr. Speaker. In support with just a short comment. I actually wrote something out. I rarely do this. You know, whenever the budget comes up for Third Reading, I've always said the same thing and I'll say it again today. The budget is not just an accumulation of numbers and figures. It really represents a moral

document because it reflects who we are and where we want to go in terms of our values and priorities. What do I mean by this?

"Back in December, the Governor announced that she would float out \$1.86 billion in bonds to fund the 1521 projects that we have already on the books. That kind of makes sense because governments do this all the time. The current Administration is no different; you fund infrastructure. There's a new term that I learned in the federal budget. It's called, 'shovel-ready.' But I think when we talk about shovel-ready projects, we also have to discern if these projects are shovel worthy. Let me give you one example.

"One of the projects in that 1521 is refurbishing the State Seal that hangs on both sides of the State Capitol. Now one would say that this is a project that can be done relatively quickly. It's shovel-ready, if you will. And I think the answer to that is, yes. But is it shovel worthy? I wonder.

"Furthermore Mr. Speaker, we need to strike the right balance between investing in infrastructure and investing in people. I will continue to assert that we need to do more in our investment particularly when it comes to education with preschool, K-12, and higher education. I'm really hopeful that by the time the Session ends, the budget we have truly reflects who we are as a collective body, what our values are, and what our priorities are. Of course, hard choices need to be made, but lets ensure that in our zeal to stimulate the economy in the short term, that we don't forget that we need to think in the long term as well. Ultimately that means investing in our best resources, and of course, that is our people.

"I have further comments I would like to submit to the Journal. Thank you, Mr. Speaker."

Representative Takumi's written remarks are as follows:

"We need to be mindful that the measure before us is a work in progress and may very well be different when we end session in May.

"That said, we need to keep in mind a few sobering facts when we look at the budget of the Department of Education.

"The Governor's budget as submitted in December to the Legislature reduced the DOE's budget by \$40 million or 15 percent of discretionary funds including one percent of non discretionary funds each fiscal year.

"Her budget included a reduction of 239.5 positions within the DOE and of these, 149 of these positions are currently filled including 73 teachers in the Office of Curriculum, Instruction and Student Support and in the Office of Human Resources.

"While any reduction in positions does not automatically mean that warm bodies will be affected, it is inaccurate as the Governor has stated that there will be no layoffs. Indeed, both her budget and the budget bill before us eliminates 671 positions including 374 filled positions.

"Furthermore, due to reduced mental health and other social service funding, the private sector such as Kahi Mohala and Easter Seals have laid off employees that were funded with state dollars.

"The DOE/BOE \$40 million reduction in the Governor's budget was designed to preserve funds for classroom instruction, with no proposed reductions in the funds allocated to schools through the Weighted Student Formula. Most reductions were taken in administration and support services.

"However, not every program or support service to teachers was spared. The HD1 before us today reduces the DOE budget approximately another \$30 million each fiscal year. This includes the reduction of another 6.5 positions and programs such as Hawaiian Studies and bonuses for teachers with national board certification. While there is hope that the federal stabilization funds may mitigate these reductions we know that further cuts to the DOE will be necessary with the recent Council on Revenue Projections.

"As we continue to craft a budget, let's be strategic. Even if some initiatives are counter-cyclical or have upfront costs, we will save at the back end. For example, it makes sense to focus on energy efficiency and pre-school education despite the funds that need to be spent now."

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

"Thank you, Mr. Speaker. I rise in support of this measure and have just some brief comments. Thank you.

"I do have some concerns about the misperception of the Legislature's lack of support for the Hawaii Clean Energy Initiative. I agree with the editorial in this morning's *Honolulu Advertiser* that DBEDT's energy efforts must be scrutinized to ensure that the division is spending its allocated resources wisely. I agree that it is the Legislature's responsibility to hold the Administration accountable.

"I can agree that we want an understandable strategic plan of action from the Administration with measurable achievements for the Energy Division as we expect from other departments. But this should not be interpreted as a lack of support from the Legislature. I'd like to remind the Members that the bedrock for the Hawaii Clean Energy Initiative is due to many legislative actions that we have taken over the past decade in setting up policies like net metering, renewable portfolio standards, pay as you save, the solar water heating mandate, to make us the ideal location for the deployment of renewable energy and energy efficiency.

"So, as we move forward, I want to emphasize that we should not lose sight of what we are trying to accomplish, and I hope the final budget and the Committee Report will embrace a more defined picture of the Hawaii Clean Energy Initiative and any implementation actions by the Administration. Thank you."

Representative Yamashita rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Yamashita's written remarks are as follows:

"Mr. Speaker, I rise in support of H.B. 200, H.D. 1.

"In light of the economic downturn both statewide and nationwide, your Committee has remained mindful of the need to stimulate our local economy through Capital Improvement Projects (CIP) while maintaining an affordable level of debt service so as to not detrimentally affect future funding for not only CIP, but programs and services as well.

"In addition to this, your Committee has also taken into account and considered the following criteria: projects that are most "shovel ready", projects with the most potential for vast and diverse job creation, projects that address Health, Safety and Compliance needs, department requests that went unfunded in the original Executive submission, and projects with potential for funding through the American Recovery and Reinvestment Act.

"This year, the Administration requested a total of \$955,155,000 in G.O. and general G.O. Reimbursable bond-funded projects. In the proposed House Draft 1, the G.O. and general G.O. Reimbursable your Committee requested is \$881,279,000 over the biennium. The total G.O. and G.O. Reimbursable bond appropriation has been reduced from that which was submitted by the Administration by \$73,876,000 allowing a debt service savings.

"Despite challenging economic times, your Committee has remained dedicated to the needs of our education system. Your Committee has appropriated a total of \$287,076,000 to the Department of Education for various school projects and even increased from the Executive Budget their Repair and Maintenance appropriation by \$20,000,000 in FY2011.

"For the University of Hawaii, your Committee has appropriated \$568,487,000 in all means of financing for various projects, including \$10,000,000 increase from the Executive Budget for Repair and Maintenance in FY2011. Also, included is \$28,132,000 in Revenue Bonds

and \$12,660,000 in GO Bonds for a long overdue Information Technology Center.

"In addition to education, your Committee has also attempted to address the needs for affordable housing. The CIP budget includes funding for affordable rental units for our elderly community. It also includes funding to improve the condition of our affordable and public housing facilities by addressing its repair and maintenance backlog and provide additional affordable housing options for low income persons. Your Committee has also included funding to address the health care needs and facilities statewide.

"Your Committee crafted a comprehensive CIP budget that will not only help spur our economy, but will be in a position to supplement and enhance the effectiveness of ARRA funding."

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

"In support with just a brief comment. I appreciate all the comments from the other Members about what they saw in the budget that they didn't like, or did like. But the one thing that I see in this budget is that we're actually making some good choices as far as what programs need to be eliminated, including the State Health Planning and Development Agency. This is the right direction to be moving in. We need to be removing barriers to private investment to allow for greater participation by private interest with the public in developing our healthcare.

"We also took out the pay for the HHSC and moved that into the Department of Health. So this is a good step and we need to keep moving in this direction in reducing the barriers to private investment in looking for ways to encourage the State to be partners with the private investment."

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

"Thank you, Mr. Speaker. I just want to rise in support with some reservations. I want to echo some of the comments and reservations by Speaker Emeritus, and request to submit written comments. Thank you."

Representative Belatti's written remarks are as follows:

"Mr. Speaker, I rise with reservations on HB 200, HD 1. The State currently faces an economic downturn, the enormity of which is only now becoming clearer. The Council on Revenues continues to revise its dire projections; meanwhile, federal stimulus money recently became available. Consequently, any plan for dealing with our State's economic crisis rests on rapidly shifting sands.

"In light of these circumstances, I acknowledge how difficult it is to balance the State's budget. Nevertheless, I feel compelled to comment on the procedural shortcomings behind the drafting of HB 200, HD1. There has been plenty of finger pointing between the Legislative and Executive Branches and very little communication. Even within this legislative body, meaningful communication and vetting has not occurred.

"Plans for cuts and defunding of entire programs within the Health and Human Services Departments were not openly shared with the Health and Human Services Committees, and no informational briefings or public hearings on these proposed budgetary fixes were held within those Committees. The substantive Committees should have had the opportunity to vet the policy implications of these proposals and develop the legislation that will be needed to comport with HB 200, HD 1's recommendations.

"For example, while funding for the State Health Planning and Development Agency (SHPDA) has been deleted, it is purported that the certificate of need process overseen by SHPDA will still occur, but just not under the auspices of SHPDA. Where is the statutory vehicle that changes this responsibility from SHPDA to, presumably, the Department of Health or is there an implicit policy choice being made that the Certificate of Need process is no longer the policy of the State? The type of methodical consideration of changes to statutes and drafting of laws could and should have occurred with the substantive Committees to support the proposals in HB 200, HD 1.

"Other programs had their funding deleted because they were considered duplicative of other State programs. For example, it has been suggested that HB 200, HD 1 eliminates the Disability and Communication Access Board (DCAB) for this reason. However, without the benefit of a public hearing, my understanding is that the DCAB is the only State agency that coordinates compliance with the federal Americans with Disabilities Act and similar State laws. In short, whether the DCAB is duplicative or not is not fully understood and HB 200, HD 1's proposal could have been better vetted with a hearing in the appropriate substantive Committee.

"For these reasons, I respectfully vote with reservations for this bill. Thank you, Mr. Speaker."

Representative Ching rose in opposition to the measure and asked that her written remarks, and the remarks of Representative Pine be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in opposition to H.B. 200 - Relating to the State Budget. The budget, as written does not reflect prudence; giving the appearance of partisan politics at a time when we can least afford it. The idea of balancing the budget with divisive partisan tactics, expressed by some of the statements contained in the committee report, does not address the people's needs and concerns.

"First, the budget is balanced too heavily on the increase of taxes and user fees, which I feel will only further damage the economy. Second, it appears this budget will bulldoze over certain departments. We cannot merely take a chainsaw to certain initiatives without research and regard to the consequences and repercussions of which have not been examined adequately.

"According to this budget, there is no longer a need for the Director of Human Services. The Department of Human Services, especially at this time is vital to the well being of our citizens. It is irresponsible to cut Director Lillian Koller's job. I am curious as to how a department can be run without a director? Director Koller is one of the most gifted people in or government, having been named "Governing Official of the Year" by Governing magazine. She is the first public official from Hawaii to win the award. Director Koller was also the first Director to put to use the millions of dollars in TANF that had previously set idle each year, and allocated that money for community-based programs that prevent and reduce poverty.

"I am also concerned with the impact of transferring and dividing DBEDT at a time when we must look beyond our shores to encourage economic growth. There has been no testimony or chance given to DBEDT to discuss the impact of moving their departments. The two things we must protect and nurture in a bad economy are the safety-net that DBEDT provides and expertise to stimulate business that DBEDT provides. By passing this budget, and the actions it proposes we would cut our support networks and cut off opportunity.

"The people of Hawaii are counting on this Body to make sagacious decisions. Let's unite and put aside our differences for the people of Hawaii. Now is the time to come together for the greater good of Hawaii. Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 200, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," passed Third Reading by a vote of 44 ayes to 4 noes, with Representatives Ching, Finnegan, Pine and Ward voting no, and with Representatives Carroll, Herkes and Takai being excused.

At 1:53 o'clock p.m., the Chair noted that the following bill passed Third Reading:

H.B. No. 200, HD 1

INTRODUCTION OF RESOLUTIONS

By unanimous consent, the following resolutions (H.R. Nos. 101 through 105) and concurrent resolutions (H.C.R. Nos. 122 through 128) were referred to Printing and further action was deferred:

H.R. No. 101, entitled: "HOUSE RESOLUTION ACKNOWLEDGING THE UNIVERSITY OF HAWAII AT MANOA COLLEGE OF TROPICAL AGRICULTURE AND HUMAN RESOURCES HISTORIC COSTUME COLLECTION AS A STATE TREASURE OF NATIONAL IMPORTANCE AND ENCOURAGING THE ESTABLISHMENT OF A MUSEUM FOR ITS PRESERVATION," was offered by Representative Choy.

H.R. No. 102, entitled: "HOUSE RESOLUTION URGING NONPROFIT ORGANIZATIONS AND COMMUNITY GROUPS TO ESTABLISH SAFETY PROCEDURES FOR ROADSIDE SOLICITATION OF FUNDS AND DONATED GOODS," was jointly offered by Representatives M. Lee, Awana, Brower, Mizuno, Morita, Nakashima, Wakai, Yamane, Hanohano, Herkes, Rhoads, Sagum, Souki, Takumi, Tokioka and Tsuji.

H.R. No. 103, entitled: "HOUSE RESOLUTION REQUESTING THE UNIVERSITY OF HAWAII'S PUBLIC POLICY CENTER TO MEET WITH, AND ADOPT THE RECOMMENDATIONS OF THE KANAKA MAOLI COMMITTEE WITH RESPECT TO THE CENTER'S REVIEW OF THE 2050 SUSTAINABILITY PLAN," was jointly offered by Representatives Carroll, Awana, Brower, McKelvey, Shimabukuro, Belatti, Coffman, Hanohano, Har, Ito, M. Lee, Manahan, Morita, Nakashima, Nishimoto, B. Oshiro, Sagum, Takumi, Tokioka and Yamane.

H.R. No. 104, entitled: "HOUSE RESOLUTION REQUESTING THE OFFICE OF HAWAIIAN AFFAIRS TO WORK WITH THE HAWAI'INUIĀKEA SCHOOL OF HAWAIIAN KNOWLEDGE OF THE UNIVERSITY OF HAWAII TO DEVELOP A KUPUNA HONORARY DEGREE PROGRAM," was jointly offered by Representatives Carroll, Hanohano, Har, Manahan, McKelvey, Tokioka, Wakai, Yamane, Coffman, Morita, Nakashima and Sagum.

H.R. No. 105, entitled: "HOUSE RESOLUTION REQUESTING THE CHIEF ELECTION OFFICER TO CARRY OUT VARIOUS TASKS TO ENSURE THAT VOTING BALLOTS ARE SECURED AND COUNTED ACCURATELY," was jointly offered by Representatives Carroll, Hanohano, Har, McKelvey, Shimabukuro, Wakai, Coffman, Manahan, Morita, Nakashima, Sagum, Tokioka and Yamane.

H.C.R. No. 122, entitled: "HOUSE CONCURRENT RESOLUTION ACKNOWLEDGING THE UNIVERSITY OF HAWAII AT MANOA COLLEGE OF TROPICAL AGRICULTURE AND HUMAN RESOURCES HISTORIC COSTUME COLLECTION AS A STATE TREASURE OF NATIONAL IMPORTANCE AND ENCOURAGING THE ESTABLISHMENT OF A MUSEUM FOR ITS PRESERVATION," was offered by Representative Choy.

H.C.R. No. 123, entitled: "HOUSE CONCURRENT RESOLUTION URGING NONPROFIT ORGANIZATIONS AND COMMUNITY GROUPS TO ESTABLISH SAFETY PROCEDURES FOR ROADSIDE SOLICITATION OF FUNDS AND DONATED GOODS," was jointly offered by Representatives M. Lee, Awana, Brower, Mizuno, Morita, Nakashima, Wakai, Yamane, Hanohano, Herkes, Rhoads, Sagum, Souki, Takumi, Tokioka and Tsuji.

H.C.R. No. 124, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE CONVENING OF A TASK FORCE TO DETERMINE THE PROPER INTERPRETATION AND APPLICATION OF THE TERM "INCIDENTAL AND SUPPLEMENTAL" WITH REGARD TO THE CONTRACTING BUSINESS," was offered by Representative Rhoads.

H.C.R. No. 125, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE UNIVERSITY OF HAWAII'S PUBLIC POLICY CENTER TO MEET WITH, AND ADOPT THE

RECOMMENDATIONS OF THE KANAKA MAOLI COMMITTEE WITH RESPECT TO THE CENTER'S REVIEW OF THE 2050 SUSTAINABILITY PLAN," was jointly offered by Representatives Carroll, Awana, Brower, McKelvey, Shimabukuro, Belatti, Coffman, Hanohano, Har, Ito, M. Lee, Manahan, Morita, Nakashima, Nishimoto, B. Oshiro, Sagum, Takumi, Tokioka and Yamane.

H.C.R. No. 126, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE OFFICE OF HAWAIIAN AFFAIRS TO WORK WITH THE HAWAI'INUIĀKEA SCHOOL OF HAWAIIAN KNOWLEDGE OF THE UNIVERSITY OF HAWAII TO DEVELOP A KUPUNA HONORARY DEGREE PROGRAM," was jointly offered by Representatives Carroll, Hanohano, Har, Manahan, McKelvey, Tokioka, Wakai, Yamane, Coffman, Morita, Nakashima and Sagum.

H.C.R. No. 127, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE CHIEF ELECTION OFFICER TO CARRY OUT VARIOUS TASKS TO ENSURE THAT VOTING BALLOTS ARE SECURED AND COUNTED ACCURATELY," was jointly offered by Representatives Carroll, Coffman, Hanohano, Har, Manahan, McKelvey, Shimabukuro, Wakai, Yamane, Morita, Nakashima, Sagum and Tokioka.

H.C.R. No. 128, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING REVIEW OF EXISTING REPORTS AND STUDIES RELATED TO ASPARTAME AND RECISSION OF APPROVAL OF ASPARTAME FOR UNITED STATES MARKETS," was jointly offered by Representatives Carroll, McKelvey, Shimabukuro, Awana, Belatti, Brower, Chang, Ching, Coffman, Evans, Hanohano, Har, Ito, Magaoay, Manahan, Morita, Nakashima, Nishimoto, Sagum, Takumi, Wakai and Yamane.

ANNOUNCEMENTS

Representative Ward: "Mr. Speaker, in the next few hours, a major West Coast city's newspaper will run its last newspaper. Tomorrow is the last edition of the Seattle Post. It's the beginning of a new era. It will only be on the Internet. Just so we are up to speed on what's happening, and hopefully, something like this will not happen locally."

Representative C. Lee: "Thank you, Mr. Speaker. Yesterday was a very special day, not just because some of us got to sleep in, but it was the birthday of an esteemed colleague of ours who turns '21.' Representative Lyla Berg. And if we may all give her a round of applause. Thank you, Mr. Speaker."

Representative McKelvey: "Thank you very much, Mr. Speaker. I also have some wonderful news to share with my colleagues. On Friday, I took to heart the 'Good News' candy bar. I know there's been a lot of bad news today. There is some good news, even when newspapers are shutting down and businesses are closing. The West Maui Hospital project was given its final approval for the Certificate of Need process, which means the \$45 million facility, which will create jobs and be a growth in healthcare is finally on track. I'm just proud to announce that."

ADJOURNMENT

At 1:55 o'clock p.m. on motion by Representative Evans, seconded by Representative Pine and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Tuesday, March 17, 2009. (Representatives Carroll, Herkes, Takai, Thielen and Yamane were excused.)