

## FORTY-SEVENTH DAY

Tuesday, April 5, 1983

The Senate of the Twelfth Legislature of the State of Hawaii, Regular Session of 1983, convened at 12:01 o'clock a.m., with the President in the Chair.

The Divine Blessing was invoked by Senator Anthony K.U. Chang, after which the Roll was called showing all Senators present.

## ORDER OF THE DAY

MATTER DEFERRED FROM  
APRIL 4, 1983

Senate Bill No. 133, S.D. 1, H.D. 1:

By unanimous consent, action on S.B. No. 133, S.D. 1, H.D. 1, entitled: "A BILL FOR AN ACT RELATING TO CONSERVATION OF AQUATIC LIFE, WILDLIFE AND PLANTS," was deferred until Wednesday, April 6, 1983.

## ADVISE AND CONSENT

Standing Committee Report No. 852 (Gov. Msg. Nos. 100, 101, 102, 227 and 228):

By unanimous consent, action on Stand. Com. Rep. No. 852 and Gov. Msg. Nos. 100, 101, 102, 227 and 228 was deferred until Wednesday, April 6, 1983.

Standing Committee Report No. 853 (Gov. Msg. Nos. 141 and 146):

By unanimous consent, action on Stand. Com. Rep. No. 853 and Gov. Msg. Nos. 141 and 146 was deferred until Wednesday, April 6, 1983.

Standing Committee Report No. 854 (Gov. Msg. Nos. 246, 247 and 248):

By unanimous consent, action on Stand. Com. Rep. No. 854 and Gov. Msg. Nos. 246, 247 and 248 was deferred until Wednesday, April 6, 1983.

Standing Committee Report No. 855 (Gov. Msg. Nos. 142, 143, 144, 145, 201, 202 and 203):

By unanimous consent, action on Stand. Com. Rep. No. 855 and Gov. Msg. Nos. 142, 143, 144, 145, 201, 202 and 203 was deferred until Wednesday, April 6, 1983.

## THIRD READING

H.B. No. 703, H.D. 1:

By unanimous consent, action on H.B. No. 703, entitled: "A BILL FOR AN ACT RELATING TO ALTERNATE ENERGY," was deferred until Wednesday, April 6, 1983.

Standing Committee Report No. 824 (H.B. No. 1, H.D. 1, S.D. 1):

Senator Yamasaki moved that Stand. Com. Rep. No. 824 be adopted and H.B. No. 1, H.D. 1, S.D. 1, pass Third Reading, seconded by Senator B. Kobayashi.

At this time, Senator Kawasaki rose and stated:

"Mr. President, while I'm voting for this bill primarily because while I recognize that there are flaws in the bill, we generally, as a matter of practice, go into conference committee fully aware that either the Senate or the House positions in total will not prevail. I am a little concerned that we have a format in this budget bill that provides for Part A and Part B, as you know, and that the Part B items require the passage of the excise tax increase from 4% to 4.5% bill that is over in the House. This, to me, is not the best way to enter into a conference.

"As you know, there were eleven Senators who voted against the increase in the sales tax because we fell, first of all, that this is perhaps one of the most regressive type of taxes and to increase the excise tax a half percent is just opening the door for future increases. Any time a lobby group or lobby groups find that we're short of funds in the state treasury, they would recommend, perhaps in the future, that we just increase the sales tax one-half of one percent or a quarter percent.

"This opens the door, and in view of the fact that right now, the state is negotiating wage increases, and as I recall, the state's posture, if I read the newspapers correctly, was that for this coming year, there'll be no increases but perhaps a 2.3% increase next year. Can you imagine the kind of pressure that's going to be brought upon the House in this case

to pass the Senate's sales tax even if it passed by a bare majority on this side? They'd have to pass it to negotiate a more sizable wage increase. This is one concern that I have.

"The sales tax, of course, as I said, is a regressive tax. It's the kind of tax that people cannot avoid. It works a hard ship on those people living on a limited income. It only compounds the problem that we seem to have, that is to say, that the State of Hawaii has a bad image as being 'anti-business' as far as businessmen are concerned and that the cost of their doing business is going to be increased by an increase in the sales tax, all of which is to say that the budget bill going over to the House, predicated on a possibility of a sales tax passing is not a very good posture to enter into conference. Outside of that, I'd like to voice some of my concerns, hopefully, that will be considered by the conferees on the Senate side as they go into conference with the House.

"Page 6 of the Standing Committee Report reads as follows, and this is one of the many concerns that I have: it points out that medical care practitioners, payments made to them by the state under the medical care program and all types of medical care that is provided for by the state is going to be reduced by 5%. Now this is a very arbitrary 5% across-the-board reduction. Perhaps the Ways and Means Committee and the conferees should take a look at the schedule of fees allowed by the state. Perhaps the physicians being cut 5% and the dental care provided is also being cut 5% is not a good formula. Perhaps we should examine the medical care payments, particularly in regard to dental care payments that we're making. As a layperson examining the schedule, it seems to me that the payments made on dental care, perhaps under the present financial constraints of the state, is perhaps excessive; perhaps a greater cut should be made in this area. I know that this will not endear me to the dentists in town.

"We also have a recommendation, a proposal by the Senate Ways and Means Committee not to go along with a recommendations made by the Department of Social Services and Housing and the Health Department. They propose that Waimano Home not take advantage of the federal medicaid program, primarily because while it qualifies us to receive some federal funds. These federal funds have

been reduced substantially, and being under the federal medicaid program requires our funding for three positions permanently, to 'monitor the programs of Waimano Home.' Second, qualifying for the federal aid also requires substantial financial cost in the way of improvements that are mandated by the Feds for the facilities over at Waimano Home, over and above what is considered to be, by the management there, necessary. So, on balance, they are of the opinion that because Waimano Home is financed primarily 100% by state funding, not federal funding, but state funding, we should perhaps get out of the medicaid program.

"Coming down further on page 6, the Standing Committee Report reads as follows: 'Your committee recommends that the Department of Hawaiian Home Lands carefully and expeditiously review its fiscal plans during the interim and submit to the Legislature a cohesive and applicable budget document next session. It is the intent of the committee that a financial and management audit be performed and efforts be made to computerize its budget and finance accounts.' Which is to say, perhaps that a wholesale examination and development of perhaps a more efficient plan and a more efficient monitoring of some of their programs is in order. This, I think, requires us to, perhaps, take into account some of the concerns expressed the other night by the chairman of the subject matter committee, Senator Fernandes Salling, in her concern about some of the funding on the CIP programs for the Hawaiian Homes Commission.

"Going to the next page of the Ways and Means Committee report, I find that funding for the Hawaiian Studies Program is going to be expanded. Expansion funds for this particular program, at a time when we're cutting drastically the DOE budget in the basic curriculum program areas, again points out some of the inconsistencies, to me. Perhaps the Hawaiian Studies Program should not be expanded. The current level of funding should be maintained; but whatever expansion money is seen here could perhaps be put into areas we have reduced in the way of general curriculum. We have also disregarded the Department of Education's recommendation that we perhaps look into, by funding modestly, the use of computers in education. Again, our Ways and Means Committee report eliminates this provision.

"Coming to Parts A and B, Part A of course, represents what we consider to be that category of funding absolutely necessary to maintain a minimum service to the people. I find that in Part A are some grants-in-aid that perhaps are worthy of examination. Let me point out one, for example. Under the grants-in-aid for the Salvation Army, I find a whole spectrum of 'human services' programs. Let me give you some of the figures here: Kula Kokua, \$52,134; Malama Makua, \$69,882; Pohaipono, you will of course notice very exotic names for these programs, Pohaipono, \$104,000; the Salvation Army Addiction/Treatment Drug Residential Facilities, \$66,000; a program for short-term alcoholism, \$103,000; a program called 'Social Detoxification,' whatever that is, \$27,000; for a total of \$572,861. Added to that are federal funds that are received and applied, another \$242,000, roughly a program funding of about \$810,000. Perhaps the Ways and Means Committee or the Conference Committee should examine that a little more closely. Perhaps some of these items could be cut down.

"I also find in Part A, not B, mind you, Part A, a funding again for the Friends of the Waipahu Cultural Garden Park, for \$50,000. Now, I don't know that this is imperative.

"The Honolulu Theater for Youth, this would probably bring down the wrath of Senator Abercrombie down my neck, \$146,000.

"We have the Ethnic Studies Oral History Project Program that's been going on now for a decade, as I recall, \$110,000. It seems to me that that program should have been terminated some time ago.

"Habilitat -- as I recall, they testified before the Health Committee and the director magnanimously stated at the end of his testimony, as a reaction to some question, I suppose, that he didn't need any state funding any more...the hell with you people, we're going to manage on our own. And I know that the Health Committee took him on his word and eliminated a \$28,000 funding for Habilitat, which strangely enough is again appearing in the budget here. That's another item where we could have saved money. And it goes on.

"Now, in Part B, as I said which is predicated upon the possibility that the House is going to pass the sales tax that many of us here oppose to,

Part B, which does not assure funding has some very important items of ongoing programs run very efficiently in human services. Let me point out a few. The Hawaii Association for Retarded Citizens, a \$289,000 funding; the Lanakila Rehabilitation Program, \$159,000; Opportunities for the Retarded, \$80,000; again in Part B is a funding to maintain the staffs of programs in a way of consumer programs under the Department of Commerce and Consumer Affairs. These programs do not tap our general funding because they come out of fees, special funds, as Chairman Cobb would tell you. It seems imperative to me that they be included in the budget. It was left out and put into Part B. I pointed out that the Crime Commission bill has passed the Senate; and it's passed the House, but we've provided no funding for it, however, it is not in Part A, it's funded in Part B.

"Now, just in the event that the House does not accept our recommendations, for passage of the sales tax, then there is a great possibility that a lot of these very important programs are not going to be funded. On the other hand, in Part B, we threw practically everything that was not quite acceptable to us -- some programs of dubious necessity, what I call a whole category of 'opala' programs in Part B.

"These are the items that I am deeply concerned about. Hopefully, all of this could be straightened in the Budget Conference Committee and with this admonition, I will vote for this budget bill because I think we can clear some of these areas out."

Senator Soares then rose and stated:

"Mr. President, the state budget here before us today is the result of many hours of painstaking effort. It is clearly an attempt to reconcile last-minute changes in the state's revenue picture with concerns about the quality and level of government services.

"Mr. President, this budget's proposed revenues were increased based on no more than wishful thinking about a tax dispute between the state and five liquor distributors. Although the state received \$25 million of this disputed money when McKesson decided not to pursue their appeal; we are still gambling with the financial integrity of this state. Frankly, Mr. President, who's to say

when the Supreme Court will decide whether or not to hear the case? And if they do decide to hear it, how many months will it be before it appears on their calendar? And how many months or years after that before they reach a decision?

"Mr. President, I say that we are counting our chickens before they are hatched. It's an irresponsible way to go about balancing the budget for the entire State of Hawaii.

"I have concerns too, Mr. President, about the budget's proposed expenditures. For the next fiscal biennium, expenditures are divided into two categories: the ones with a high priority, or the 'must haves,' and those with a low priority, or the 'can do withouts.'

"Mr. President, I'm appalled at what this budget suggests we can do without. Can we really do without \$1.3 million in promotion for the Hawaii Visitor's Bureau or \$200,000 in emergency funds to revive Kauai's tourist industry?

"I can remember at the hearing on tourism, where the chairman and myself heard from the Mayor of Kauai, Mayor Kunimura. He expressed despair at the sights on Kauai: the lack of employment when the hotel rooms were destroyed and the physical plants were torn apart. He told us in our hearing that afternoon that tourism on Kauai was his No. 1 priority.

"These aren't giveaway programs. These are programs which generate needed revenues for our state. We know, for example, that for every dollar we spend to promote tourism in our state, each tourist pays over \$150 in state taxes. I suggest that we're cutting our own throats when we relegate these vital and cost-effective programs to Part B, or second place, in our budget deliberations.

"I'm also aware, Mr. President, that there was passed out of this body, as previously spoken of, a proposal to raise the general excise tax from 4% to 4½%, and I'm aware that it's been suggested that these additional revenues might be used to pay for some of these programs in the lower part of the budget.

"Mr. President, I voted against that tax bill just two weeks ago along with ten other Senators because I believe that Hawaii's economy needs tax relief, not tax increases. Increasing the general excise tax is not in the

best interests of the people of this state. It just reinforces the perception of Hawaii as anti-business; it adds to the costs of doing business in our state; it affects the prices in the marketplace; and it will echo throughout the country that we are once again adding to the tax burdens that businesses and residents alike have got to bear in this state.

"Mr. President, to me, a major state tax increase like this is just a signal of fiscal desperation. We're not balancing the budget, we're juggling numbers. And we're lying to ourselves if we believe that this is the best thing for our state and for our people.

"Mr. President, I'm voting 'no' on the budget, and I urge all of my colleagues to do likewise.

"Thank you."

At this time, Senator Henderson rose and queried:

"Mr. President, will the chairman of Ways and Means respond to a question?"

Senator Yamasaki having answered in the affirmative, Senator Henderson then continued:

"How does this budget accommodate the financial plan of the state?"

Senator Yamasaki replied:

"As far as the financial plan is concerned, we have the Administration's plan of expenditures and the revenue sources expected to be received. And, it is also contingent upon any other sources of revenue, including Senate Bill No. 1464, if the Legislature intends to raise any revenues."

Senator Henderson then continued:

"Mr. President, does the financial plan that has been explained to us here, include an award or settlement with the HGEA, the HSTA or the UPW? Is this incorporated into the budget?"

Senator Yamasaki, having answered in the negative, Senator Henderson continued:

"Thank you. Mr. President, my understanding is that the Administration has proposed a 4% settlement. Let me ask this question, then, to the chairman. A 4% settlement, as I understand it, would represent about

\$72 million in the biennium. Would that be fitted into this financial plan?"

Senator Yamasaki replied:

"That subject matter has not come before the Ways and Means Committee so I would not be able to answer you on this point."

Senator Henderson then replied:

"The question, I think, is...."

Senator Yamasaki then interjected:

"I think the question is premature, because the subject matter is under negotiation at this time. The Administration has offered no increase for the first year and 2.8% for the second year."

Senator Henderson then replied:

"Mr. President, I think that proposal was made to the University. I think that there was a proposal made to the other party of 4% across-the-board increase."

Senator Yamasaki then stated:

"I have no knowledge of that, Mr. President."

Senator Henderson then stated:

"Would the Chairman of Ways and Means, Mr. President, indicate what he would think a 4% across-the-board increase for two years would represent in dollars?"

Senator Yamasaki then replied:

"We have no figures at this point on collective bargaining and I believe that subject would be before us during the next session, if and when the collective bargaining negotiations are consummated."

Senator Henderson then stated:

"Mr. President, I appreciate the response, but I think we're here to consider a budget that has to take into consideration these problems, and my understanding is that one percent increase in collective bargaining represents some \$6 million, so a 4% represents \$24 million and if you do that for two years, you've got 24 and 24 and 24 and you've got like \$72 million and I want to know how you can fit that into the budget; or if you're not going to have an increase, then how do we accommodate that?"

"I just think that we have to look at these budget figures realistically, and we have to make some hard decisions, Mr. President. Neither the Senate...the way we've structured the budget with A and B..., nor the House in their hopeful prediction that things are going to get better have done that, and I really feel, Mr. President, that we're really not addressing the problem here; that neither the Ways and Means Committee, nor the House Finance Committee has really addressed the problems that are facing this state."

"We can sit here, smugly and say, 'these are the things we're going to do; we're going to send over a fictitious tax increase bill that ties everything into it. But, Mr. President, that's not the real world. We all know right in this room, sitting in this Senate, that there's no way the House is going to pass that increase of 4% to 4.5%. There's absolutely no way that's going to happen; and to structure our budget on a Part A and Part B, without making the hard decision, Mr. President, the hard decisions we need to make in this body to arrive at a sound budget for the state is irresponsible."

"You know, Mr. President, I've served in this body since 1970, on and off, and I think that I have some insight into what we're doing here and I just have to feel that we're not on the right track -- neither the House nor the Senate! I think what we've seen that's happened here in the last couple of days, and we might not like it, but it's a kind of feeling of frustration and a lack of direction...and I cannot express it more thoroughly than that we need to really take a hard look at the financial situation of the State of Hawaii!"

"We are in big trouble! We need to readdress our problems, and we haven't done it! And you know why we don't do it? Because that's a real, hard, cruel world. We have to really take a second thought of what we're doing here and address our problems and live up to our responsibilities to the people of the State of Hawaii."

"Thank you very much."

The motion was put by the Chair and carried and Stand. Com. Rep. No. 824 was adopted, and Roll Call vote having been requested, H.B. No. 1, H.D. 1, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," having been

read throughout, passed Third Reading on the following showing of Ayes and Noes:

Ayes, 21. Noes, 4 (George, Henderson, A. Kobayashi and Soares).

## ADJOURNMENT

At 12:35 o'clock a.m., on motion by Senator Cobb, seconded by Senator Soares and carried, the Senate adjourned until 11:30 o'clock a.m., Wednesday, April 6, 1933.