

SEVENTH DAY

Thursday, January 24, 1985

The Senate of the Thirteenth Legislature of the State of Hawaii, Regular Session of 1985, convened at 10:15 o'clock a.m., with the President in the Chair.

The Divine Blessing was invoked by the Reverend Jory Watland, Executive Director, Kokua Kalihi Valley, after which the Roll was called showing all Senators present with the exception of Senators Aki and Cobb who were excused.

The Chair announced that he had read and approved the Journal of the Sixth Day.

At 10:18 o'clock a.m., on motion by Senator Kuroda, seconded by Senator Soares and carried, the Senate stood in recess subject to the call of the Chair to meet in Joint Session with the House of Representatives in accordance with House Concurrent Resolution No. 1, to receive the Governor's State-of-State address.

JOINT SESSION

The Joint Session of the Senate and the House of Representatives was called to order at 10:36 o'clock a.m., by the Honorable Henry H. Peters, Speaker of the House of Representatives.

At this time, the Speaker welcomed and introduced the following distinguished guests to the members of the Thirteenth Legislature:

The First Lady of Hawaii, Mrs. Jean Ariyoshi, who was presented with a pikake lei by Representative Leong. Mrs. Ariyoshi was accompanied by her sons, Todd and Donn, the Governor's mother, brother and sisters;

The Honorable John Waihee, Lieutenant Governor of Hawaii; the Honorable Edward Nakamura, Justice, Supreme Court of Hawaii;

Mr. William Roland, Chief of Staff of the U.S. Coast Guard, representing the "military family";

The Honorable William Fisher, Dean of the Consular Corps in Hawaii, and other members of the Consular Corps in Hawaii;

The Honorable Frank Fasi, Mayor of the City and County of Honolulu; the Honorable Tony Kunimura, Mayor of the County of Kauai; the Honorable Patsy T. Mink, Council Chairperson, City and County of Honolulu; the Honorable Steven Yamashiro, Chairman of the Hawaii County Council; and several Council members from Oahu, Kauai, Hawaii and Maui;

The cabinet members of the respective departments of the state, and Mrs. Carolyn Peters, his wife.

The Speaker then appointed a Committee composed of Senators Kawasaki, Kuroda and Henderson, and Representatives Ige, Kawakami, Okamura and Marumoto to escort the Honorable George R. Ariyoshi, Governor of the State of Hawaii, to the rostrum.

Governor Ariyoshi was presented with ilima leis by Senators Young and Kobayashi, and Representatives Hashimoto, Kim, Tungpalan, Ikeda, Isbell, Kamali'i and Marumoto.

The Speaker presented to the members of the Joint Session and guests the Honorable George R. Ariyoshi.

The Governor addressed the Joint Session as follows:

"Thank you very much.

"I have often talked about Hawaii as being a very special place and am very privileged in this State to go to many functions where I have the opportunity of receiving a lei — a very unique custom here in our State. Everytime I receive a lei, I feel as though I have received one for the first time. Loving thoughts that come with the giving of a lei here in our community, to me, is so important, for in our state for us to remain a very special place, that we retain all of the things that have made our State that very unique place. I express my appreciation to all of you this morning for the great warmth with which you have received me and for the leis that you have given me today.

"Mr. President, Mr. Speaker, members of the Legislature, distinguished guests, and my fellow residents of Hawaii:

"For twelve years now, I have fulfilled one of the Governor's most important duties by coming here at your invitation in the early days of the New Year — to stand behind the rostrum in this beautiful chamber, and to speak with you about the state of the State.

"Today, the long record of our Administration can be seen not only in a large file of newspaper clippings, but in some history books as well! Yes...12 years seem like a long time to me. And to some of you with whom I have not always agreed, it may seem even longer.

"We have seen remarkable changes during the 25 years since Hawaii ended its

Territorial status and became a full-fledged State.

"Our population figures show best that great change. In 1960, there were 633,000 people here. Today, there are more than a million. The poet Carl Sandburg once wrote that the story of America is the story of people arriving — that there were always new faces at the end of the block. That has surely been true of these Islands. The first people came in huge outrigger canoes. Today, they come in huge 747's. In a free society, people can move as they wish. And I have the feeling that still more will be on the way to Hawaii.

"We can be proud that during the short period of our Statehood, Honolulu has been transformed into a major modern American metropolis. Indeed, on all our Islands we find the evidence of modern progress. But we also see with equal satisfaction that many places in Hawaii remain today much as they were in the long-lost past. In matters both old and new, our task is to pass on the legacy of opportunity given to us, without sacrificing the unique, desirable qualities that make our State such a special place.

"My desire to keep our Administration vibrant and 'on its toes' during the next two years is more than just a personal wish for a strong finish. For the needs of this Island community for which we've all been chosen stewards do not slow down. They are ever-changing, but always with us.

"It's only natural to have more spontaneous energy at the beginning of an enterprise, but we cannot afford now a period of running down or of less energy, just because the end of our governorship approaches. If we allow that to happen, we cheat the people.

"The faces may change — as, indeed, many of the faces in this Legislature have changed over the years that I have stood here — but the offices and functions continue. And the work done has an impact not just on legislation today, but on life tomorrow. A century from today, a man or woman not yet born will stand here as the Governor of Hawaii, or in your seat as a legislator. And what we do in the next two years will have some kind of effect upon them.

"So let us remain alert, diligent and responsive. We are, after all, a part of one of the most responsive political systems ever devised — our American democracy. Our democracy is an unending process in which the people speak, point their government in a fundamental direction, and elect the officials to help guide it there. It is a process of public decision about what should be abandoned, what should be kept, and what should be created, as we try

to shape our preferred future. It is a complex process that requires imagination ... hope ... participation ... persistence ... persuasion ... and patience. Although politics and politicians are sometimes viewed with a skeptical eye, ours is a time tested process we can all be proud of.

"Let us now look at some important aspects of the process as it unfolds today.

"The Reagan Administration has brought a major philosophical and financial shift to our Federal government. The President's re-election appears to confirm that Americans want to follow his path. For half a century — since the first days of the New Deal — Americans have been accustomed to the Federal government providing a broad array of essential and helpful services. And these have been much more than welfare programs and aid for dependent children. Agriculture, business, science, industry, education — all these important sectors — have vastly benefitted from a thousand programs of Federal support. But, today, with a massive Federal deficit, the horn of plenty is no longer so plentiful. State governments are being asked to step into the breach. It is a difficult time, because Federal cutbacks are unpredictable and thus difficult to plan for. And there is no way that the resources of any State can come up to the Federal level. So we are now learning to live with this reality. Perhaps the self-reliance we must now demonstrate will make us stronger in the long run.

"Though many people are concerned about this return of responsibility to the State level after half a century of Federal dominance, this does represent a return to a powerful and historic American idea. The age of Jackson — 150 years ago — was the great era of State government, when churches and other voluntary agencies were the primary workers for social progress. It was also the heyday of efforts to improve the world by enlightening the mind of each individual. If we are returning to these values, then all may yet be well.

"Turning from Federal policies to our own, I am pleased to report to you that I intend to turn over a fiscally healthy government to my successor two years from now. Long before the Federal cutbacks — actually, from my earliest days in the Legislature — I've had a policy of prudence in handling public money. I have even been described as being stingy! But I can never forget that a government spends the hard-earned resources of individual citizens. And I can never forget that though we may deal in millions, each individual dollar comes right out of somebody's pocket. Our obligation of stewardship is a very serious one.

"The best time to do financial planning is when things are going well. If we're able to

get by without spending everything in a good year, then we'll have something for the lean year. In this respect, a government and a business and a family are exactly alike.

"Let me remind you that when I spoke to you here two years ago — in January of 1983 — the State government had just made a projection of anticipated revenues that showed a deficit of \$255 million as of June of 1985.

"Well, we would not stand still for that. While there was some controversy about how dangerous our financial situation really was, I placed restrictions on spending for that budget year — and you of the Legislature followed suit with prudent appropriations. And there were no new State taxes.

"And what is the result? No State deficit in 1985; instead, there is a modest surplus. In good times or bad, we will never have all the dollars we want. But we can manage the dollars we do have. And we have been doing just that.

"The annual process of 'squeezing' the budget — as we call it — is beneficial. It forces us to think. It helps us be flexible. It lets us shift money from programs that over the years have become less critical, into programs that have a clear need to be started or expanded. In short, squeezing the budget keeps our government up-to-date.

"These Islands, like any other community, depend for their continuity on the ability of our young people to grow up and play a constructive role in the community. The family is the private institution that helps them along the way. Education is the public institution. In Hawaii, education has been the great equalizer. It has opened the door of opportunity. It has been a path toward dignity and harmony for a diverse people.

"I hope to use a substantial part of my time in the next two years to encourage all our citizens to become more concerned and more involved with education. A first step will be the Governor's Conference on Education that we will schedule this spring. We will have at this forum not only our professional educators, but leaders from the whole spectrum of life, to sit down, to listen, to think, to talk, and to help develop ideas that might enhance our education programs at every level.

"Anyone who takes the time to attend or follow the results of this conference carefully will be better able to understand what our schools are and what they are not. And they will understand how our educational resources are being spent — and how they might be spent.

"This emphasis on education comes at a

critical time — and I hope it will last far beyond my term in office. Both the Department of Education and the University of Hawaii have new leaders this year. Francis Hatanaka and Cecil Mackey are experienced educators, dedicated to excellence. They deserve our support, and they will have it.

"There is another reason for this renewal of emphasis. Hawaii is one of the most geographically isolated places on earth, but it is also one of the most advanced and prosperous. Our educational system has helped get us where we are. Now, as we aspire to build a newer and more technological Hawaii, we have none to turn to but our better educated young people. We can bring in silicon chips and computers. We can put up handsome buildings. But in the end, we must look to today's students for tomorrow's successes. I am certain that if we can draw all in our community into a continuing dialogue about the aim and scope of education, we will truly achieve something wonderful.

"As you begin your work of determining the budget of the Department of Education for the next biennium, let me offer two recommendations. One I made previously; the other you have not heard from me before.

"The first recommendation is that in putting the Department of Education's budget together, you orient it towards those things which clearly contribute to a quality education for our children. Be willing to change the existing distribution of resources — to match those resources with programs that will best achieve the goal of a quality education.

"The most important factor in achieving that goal is the relationship of our students and our teachers. It is in that relationship that the dynamic process of transferring information and wisdom to our children occurs, or should occur. It is primarily the harmonious interaction of student and teacher that develops the ability of our students to learn.

"The expenditures of our public school system must be geared towards supporting and enhancing this critical relationship. If our programs do not clearly do so, we must question them. I believe that we could benefit from a systematic appraisal of what we do. For example, do all the activities in our central and district offices represent the most effective use of our funds in support of the student-teacher relationship?

"My second recommendation is that, after re-examining and reallocating within the level of funds I recommended to you earlier, if you see areas where additional funding can provide substantial improvement in the

ability of the Department of Education to meet the goal of providing our children with a quality education, that you be willing to increase the funding for the Department of Education by about \$5 million each year above the level recommended in our Executive Budget proposal sent to you several weeks ago.

"I want to emphasize that this is not simply an invitation to spend more money. But if, after careful consideration, you believe that more dollars will bring substantial returns, you have my blessing to provide those extra dollars to the Department of Education, within the context of the overall State biennial budget and I make this recommendation to you knowing full well that it is something that we can afford.

"Our University of Hawaii is in the midst of important changes. It recently developed a Strategic Plan that delineates its relationship to the State; to the world beyond Hawaii; to the myriad potentials for knowledge in many fields; and to the students, themselves.

"The establishment of this Strategic Plan is of more significance than one might initially assume. The University has become a bigger enterprise than many realize. It directly employs 8,000 persons, has a budget of \$300 million, and serves 50,000 students of all ages, in all disciplines, throughout the State. Having a clear strategy for this huge institution is vitally important.

"In these days of change for the University, we will look to President Mackey and his colleagues — and we will cooperate with them — for realistic reallocations of funds which will be of true benefit to the educational process. In this process, little need be sacred. We must look at every aspect of the University, trying to find what can be made better.

"In anticipation of Dr. Mackey's coming on board July 1st — the beginning of the next fiscal year — I am requesting as a clear measure of our support, that a lump sum of \$10 million — \$5 million for each year of the biennium — be added to the amount for the University that appeared in the budget proposal sent to you earlier. I recommend that Dr. Mackey be given the flexibility to use these funds in ways he considers best for the University.

"While we can assist Dr. Mackey and his associates with our ideas, with appropriations, and with this lump sum grant, the basic direction that the University should take remains their decision. What is the proper balance between the technical excellence already achieved in many departments, and the values that have always been found in the study of the humanities? How can the

humane ideas found in a traditional liberal education be applied usefully in a technological society? How can the University of Hawaii become 'universal'? These are important questions that can best be answered by the leaders of the University itself.

"Because of Hawaii's isolation and singularity, many people from a distance tend to take in all of Hawaii as a single concept. What they think of the University of Hawaii is often what they think of the State as a whole. In that sense, the University could perhaps be described as 'the soul' of our State as well as its intellectual treasure house. I am confident that the soul and the treasure house are today under good management.

"When we turn from education to discuss something like economic development, we quickly see how important education is. Two years ago, your legislation created the Pacific International Center for High Technology Research, or 'PICHTR' as it is sometimes called. Today, as we continue to encourage appropriate high technology development, our success will depend to a degree on how the world scientific community perceives both our research and our academic capacities. PICHTR is designed to play a big role in bringing together researchers in cooperative international projects that will propel us solidly into the high tech age. And it is designed to be an exporter of research results to the entire Pacific Basin.

"This year has seen several constructive meetings on PICHTR. I have been in frequent touch with other Pacific Island leaders and leaders of Japan and Asia. I am confident that now is the time for our center to make a major move forward toward its goal of become a world class institution. I am requesting that the Center incorporate as a private, non-profit institution. And I am recommending \$1 million for each year of the biennium be appropriated for the Center to help the program grow.

"My office will continue to strengthen the international contacts and commitments we have already made. At the Pacific Islands Conference in the Cook Islands this August, for example, I will be discussing with other heads of Pacific Island governments how we can help PICHTR be of benefit to this vast region. As my experience and our experience with PICHTR has grown, it seems to me that we did exactly the right thing in coming up with PICHTR when we did. It will serve us well.

"We will also be served well as we continue to invest in one of Hawaii's own particular kinds of high technology — one which I call oceanic high tech. Today, special ocean skills are being developed

rapidly at the Natural Energy Laboratory of Hawaii at Keahole on the Big Island. There, things are moving ahead with advanced forms of energy and aquaculture research and development. An abalone farm has been established and they are already asking for more land for expansion of their project. An algae farm to produce nutrition supplements is in the planning stage. It would be a great loss if, after our helping to develop their technology, companies like these were to relocate outside our State. We need to develop a permanent home for such commercial activities — and so provide more stable jobs and tax revenues.

"In the budget before you, I have proposed the development of a Hawaii Ocean Science and Technology Park at Keahole. It will be developed as the first major project of our High Technology Development Corporation. When it is complete, we'll have there a fine ocean technology center — with research and development and the commercial activity that grows from the R and D. Again, we will be building on our unique advantage as this nation's only ocean surrounded State.

"Finally, in this area of ocean technology and economics, let me urge your favorable consideration of another project. The State of Hawaii Ocean Center — which we propose to locate at Waikiki — embraces technology, tourism, and education. It is an all purpose idea which, I believe, will have a future value that we cannot easily estimate today. I don't want to over dramatize it, but if we design and build this center in the right way, it will help us restore elements of our ocean heritage — things that we've lost in the past century or so. As our people and visitors come to this center, they will begin to rediscover what the ancient Hawaiians knew — that is, the fullness of a life in which the ocean itself is part of one's consciousness. The Center will give us a better idea — and it will give millions of our visitors a better idea — of just who we Islanders are, and why we think, believe, and act as we do.

"The Center might begin as a handsome, comprehensive redesign of the existing aquarium at Waikiki, and then grow to be much more than that. In its complete form, it may include interactive exhibits, displays, lectures, audio-visual presentations, 'touch tanks,' and reef walks. There may be, for example, a model showing precisely how our ocean thermal energy conversion works, and expeditions to take people out to the reef beyond the Center itself.

"You will remember that last year you appropriated funds for a schematic design for this program. The budget request for the coming two years includes funds for detailed planning and design and construction.

"Our Ocean Center and our oceanic technology will grow together, and they will have a synergistic effect. They will affect the thinking and planning and imaginations of people everywhere. And let me suggest that when Hawaii celebrates its Golden Jubilee of Statehood in the year 2009, we may well be using the ocean in ways that we cannot today foresee at all.

"Let me turn now to another area, where the economic returns can be more concrete and more immediate.

"Since 1976, nearly 400 feature films, TV specials and TV series have been filmed here in Hawaii. We've collected about \$14 million in taxes from these high-profile activities. The filmmakers have spent about \$350 million, while providing 1100 jobs annually.

"This is a splendid record, and today we want to encourage filmmaking in a more consistent way than we have in the past. It is a valuable economic resource in itself, and it also reinforces our entire tourism industry through its promotional aspects.

"So I ask that you look favorably on the proposal to establish the Hawaii Film Industry Authority. Its task will be to develop a professional film studio — a first-class production center — here in the State. It will be a clear example of an Administration and Legislature making it easier to do business in Hawaii.

"We in the Administration are continuously aware of the conclusions in the recent report of the Governor's Committee on Doing Business in Hawaii, and we are trying to respond to its major recommendations. This is a part of the process of government that does not have easy answers but that does not mean that we are not looking for them. And in a modest way we are making progress.

"I am sending on for your consideration a bill that would allow the Department of Planning and Economic Development to facilitate the granting of permits for resort, residential, industrial, and commercial facilities. None of the regular jurisdictions will be bypassed, but this bill will establish a voluntary process by which the applicant and the government agencies can sit down and work out permit requirements and timetables for decision-making in advance. Our objective is to make it easier to do business in Hawaii.

"The second bill relates to the Land Use Commission. I am proposing that we streamline the Commission's actions by legislation that will send petitions for the reclassification of parcels of land, 15 acres or less in size, (in agricultural, urban, or

rural districts, not in conservation, but in those districts) directly to the appropriate County for action. This would reduce the number of petitions coming before the Commission by as much as 50 percent, while it would retain major land cases for Commission review.

"Through these efforts, we hope to convince our citizens when they come in to deal with their government, that the government is there to help and not to put up roadblocks against progress. This is what the relationship should be at all levels of government.

"The Committee on Doing Business in Hawaii also highlighted two other major problems — tax reform and workers' compensation. I believe that we are poised to make progress in both areas, but the process will require a sharp focus from both the Governor's Office and the Legislature.

"I urge your careful study of the recommendations of the Tax Review Commission. The process of tax revision and reform is critical, and the last substantial review was almost 20 years ago.

"The State depends for most of its revenue on the general excise tax. If it is to be changed, we must have broad agreement about the direction in which we are going.

"At the appropriate time, my Administration will provide testimony on various proposals that will be before you and you will be able to discern our direction from such testimony. But please let me make one point clear: I do not look on this tax review as a reason or a means to raise additional revenues. We are living within our means today, and I want us to keep on doing so.

"We must find formulas that our taxpayers can easily understand and feel comfortable with. And we must recognize that a tax that discriminates capriciously against doing business here is not working in the best interests of all of us. As I have indicated, in spending tax money, we must be frugal. In collecting that money we must be fair.

"We must also move, as the Committee recommended, to deal with the workers' compensation situation. Our compensation costs are higher than anywhere else in the country. Obviously, we must reassess the cost-effectiveness of our workers' compensation system. All aspects of this complex program must be reviewed, including the tendency of the courts in recent years to broaden dramatically the idea of just what is a work related injury. To insure fairness to all concerned — employee and employer — we can begin to act clearly on this principle: Any person who is legitimately injured on the job

deserves compensation. Any person who is not legitimately injured on the job does not.

"We in the Administration are prepared to work with you in reviewing and revising the system, and will be presenting testimony when your hearings begin.

"Over the past year, we have continued to not only solve problems of economic development, but also to promote economic development with a real sense of dedication. Our dedication can be seen in many places.

"It can be seen in the new Small Business Information Service, which, as quickly as possible, will be located in its own office in the centrally located Kamamalu Building. It is a unit of the reorganized Business and Industry Development Division.

"Our dedication also can be seen in additional funds for our Hawaii Capital Loan Program, and the Hawaii Industry and Product Promotion Program. It can be seen in the commitment of a special Deputy Attorney General who deals specifically with small business problems. These programs recognize that small business is today the backbone and the stabilizing factor in our economy.

"Taken together, these programs will help us get more small business people started. They will provide them with the information they need, both to start up and to be competitive once they get going. They will assist more businesses in marketing their products. And they will protect small business people from unfair and deceptive practices.

"Since its inception, the Hawaii Capital Loan Program has produced 1,350 jobs directly and another 1,200 jobs indirectly through secondary efforts. Far more money has come back to the State than we have spent on the program. So it is, for the State itself, good business.

"Another key to a good business environment for Hawaii is that our visitor industry remain competitive in the intensely competitive world of tourism. Last year you provided additional resources for special promotional programs of the Hawaii Visitors Bureau. I am recommending that the budget proposal of the Hawaii Visitors Bureau sent to you earlier be increased by \$600,000 in each year of the biennium.

"I also urge you to consider the recommendations of the recent Governor's Tourism Congress. At some point, for example, we are going to have to move on to the complicated task of building a world-class convention center. We may not be ready to start building, but we do need to move ahead in our discussion on the size, scope, financing, and best location of such a

center.

"The details of the redevelopment of our Kakaako area are different, but our underlying philosophy is the same. Here again — on a substantial scale — we are opening a new path to a more vibrant economy, in this instance in an important and historic district in central Honolulu.

"The Kakaako of the future will be an attractive, functional community. Its redevelopment will do a lot to further the goals of our Hawaii State Plan by guiding population growth to an urban area, protecting open space, preserving agriculture, and expanding the local economy.

"It is clear that the revitalization of Kakaako will require the commitment of millions of public and private dollars, but not all at once. We are going at this in an orderly and cost conscious way.

"This year we are asking for \$17 million from the Legislature for Kakaako. If you agree to this appropriation, these funds will be used to begin infrastructure improvements in early 1986.

"The economic development of agriculture — the original source of wealth in our Islands — continues to be one of our great challenges in this modern era. We must hold to the patterns of the past when they serve us well today — but when they do not, we must move on to different forms of agriculture.

"So we are equally dedicated in this Administration to accomplishing what is feasible at the State level for the pineapple and sugar industries, and to continuing the promotion of diversified agriculture as well. For the pineapple industry, we are requesting \$200,000 for promotional efforts; and for the sugar industry, we are asking for \$2.7 million to support sugar research, along with research on possible alternative crops for the canefields.

"I am also in favor of the support and protection of sugar at the Federal level. Only our Federal government can deal with the fact that today some foreign governments are paying their farmers 26 cents a pound for sugar, and taking some of that surplus sugar into the United States market and dumping it here for 6 or 7 cents a pound. That is unfair competition for our sugar producers, and they deserve to be fairly protected.

"Let me add that we propose to spend \$5 million for the Waianae Agricultural Park and the Waimanalo Agricultural Park water system. It is good business for the State to invest in this way, for diversified agriculture has grown steadily over many years. I recall the years when we were first

starting on this effort — the early years of my Administration — and people were saying that it was a pipe dream on our part to even think about diversified agriculture; yet, it has become a very important part of our economy. The \$199 million value of our diversified crops in 1983 — the last year for which we have complete figures — was an almost \$17 million improvement over 1982.

"The years go swiftly by. The end of this century and the beginning of the Third Millennium A.D. are only 15 years away. We must be determined to find the ideal balance between tourism and technology, and our oldest economic standby, our agriculture. A steady growth in diversified agriculture will help insure a future economy for Hawaii that is stable, balanced, and with fewer ups and downs.

"A year ago, we called together the Governor's Committee on Hawaii's Economic Future. That committee's report will be out toward the end of this month. When it comes to your desk, I hope you will review it thoughtfully. Having seen an executive summary of its 11 points, I believe this careful piece of work will provide us with both discussion and legislative ideas for some time to come.

"Our economic history and our economic future are intimately linked to the fact that we are an Island State. Our land and other resources are limited. The pitfalls and opportunities that lie ahead for us are both unique. So perhaps more than the public servants in most States, we have the special obligation to try to peer into the future — to see what the process of government is going to be.

"The goal of the economic activity I've discussed is simply to make life here better for all of us. During the year, we have approached the matter of a better and a safer life in many ways.

"Let me report now on how our Administration is dealing with crime.

"Crime is the dark side of our society. Although we will never be entirely rid of it, we can stand up and courageously, persistently fight against crime.

"The criminal justice system has many different parts. When those parts work well, and when they work together, our efforts to fight crime become more effective. The rate of serious crime in our state has declined significantly since the summer of 1980. I believe that the cooperative efforts made in recent years by the different elements of our criminal justice system have been a major contributor to this decline.

"You in the legislature have been active in creating the laws that deal with crime.

In recent years, you have passed legislation making child abuse a crime; shifted the burden of proof in a plea of insanity from the prosecution to the defendant; you have eliminated probation for persons convicted of Class A felonies; and strengthened the definition of rape, among other things that you have done. You have also appropriated funds for the training of law enforcement officers, and for the security and protection of witnesses.

"Our Administration has also been active in the fight against crime. The Attorney General's office has been directly involved in the prosecution of welfare and unemployment insurance fraud. Since 1976, hundreds of people have been convicted, over \$1 million in restitution have been ordered, and prison sentences of five to ten years have been set in some cases. In 1983, we had our first conviction in a case of tax fraud.

"We have supported the efforts of other agencies through a number of programs. The highly successful Career Criminal Program, which now provides about \$900,000 each year to county prosecutors, helps to keep professional criminals out of circulation. The Green Harvest of marijuana plants, led by county police and supported by the national Guard in all the counties, has been an effective activity in curbing the cultivation of marijuana.

"As the whole system becomes more successful, as more criminals are captured and tried and convicted, we must find a solution to the problem of limited prison facilities. Our prison population has grown at a rate we have never known before.

"In 1974, Hawaii had an average of 300 prisoners in its detention facilities. In 1984, ten years later, that number was over 1800 — an increase of more than 600 percent. The Judiciary has gotten tougher, but in part, this is a result of the actions of the Hawaii Paroling Authority. During the past few years, the Paroling Authority actions have resulted in fewer parolees on the streets. And perhaps most importantly, Hawaii now has one of the longest average of prison terms in the nation — about 40 months.

"Our Administration has responded to this tremendous increase in the prison population by increasing our operating expenditures for corrections from \$3.8 million in 1973 to \$28.5 million for the current fiscal year — an increase of 750 percent — and by building more than \$94 million worth of new facilities since 1973 and we have been able to provide those things with the help that the Legislature has given to us. We've built new community correctional centers for each of the Neighbor Island counties. We've built the High Security Facility in Halawa and expanded the Oahu Community

Correctional Center. We are also proposing to establish facilities in Waiawa and Olinda. In the new budget we are asking for \$3 million to equip the new medium security facility at Halawa. We are also asking that you approve a substantial increase in the number of adult correction officers for our facilities.

"But prisons are not enough. I hope you will agree that the time has come for use to sit down together to find realistic alternatives to incarceration — alternatives that will not mean a decrease in safety for the community itself — alternatives which can provide for constructive punishment while also treating criminals with prudent compassion and practical firmness.

"We have some thoughts on this subject, and at the right time I will share them with you. The situation has not reached an emergency yet, so by taking action now, we can prevent an emergency.

"I am pleased to report progress on the matter of our Hawaiian Home Lands. Certainly when we discuss making life better, the possession of a home must be high on the priority list.

"Several weeks ago, I cancelled a number of executive orders and proclamations involving more than 28,000 acres of land that previous Administrations had set aside for public uses, but not for the development of Hawaiian homes as had been intended under the original legislation. Under the new order, the lands will once again be under the appropriate control of the Hawaiian Homes Commission. There will probably be some interim use of the lands while the Commission figures out which of the parcels are appropriate for the purposes of its programs, and reaches settlements for the various parcels of land used by other agencies.

"This is a step in the right direction. I want to see this Commission develop a stronger sense of initiative, and I'm happy to tell you that the Department of Hawaiian Home Lands and the Commission are working to accelerate their awarding of Hawaiian homestead lots. We know our past efforts have been on the right track. We have provided almost as many homes during our Administration as were provided by all previous Administrations combined, and that is from the beginning of its act in the 1920's. Yet we have not moved as fast as we would want. There are still 8,000 people awaiting action. That is too many. I have asked for \$3 million to be spent over each of the next two years to support the lot development effort — activities that will speed the process of getting the land back to the Hawaiian people. I hope you will look favorably on this important request.

"With our land area so clearly limited, our

problems of land allocation continue to be of prime importance. Many have strongly questioned whether enough land is designated for housing and urban development. This theme arises, of course, when agricultural lands are ready to be turned to new uses. And other, opposing voices contend — with equal passion — that our agricultural lands are our most valuable resource and should be retained.

"Well, the fact is that we need both types of land. We must develop the ability and wisdom to decide which use for particular pieces of land is most beneficial for the community as a whole. These determinations do not have to be made in a frozen, inflexible way, but rather can be made in a way that reflects both the current and future needs of the community. .

"That is why I believe that the work of the Land Evaluation and Site Assessment Commission has been a worthwhile endeavor. The Land Evaluation and Site Assessment Commission is developing hard information about our agricultural lands, information that will help us decide on a factual basis, rather than on an emotional or nostalgic basis, what is the best use for given parcels.

"Water remains, of course, one of the most important topics on our agenda of our community well-being. The Legislature's Advisory Study Commission on Water Resources has developed a recommended code for the regulation of water on a statewide basis. Everyone has a stake in this process: local government, private landowners, developers, the agriculture industry, and the environmental movement. But as with the use of our lands, we want this code to steer a path through the conflicting aims — to let us use our water resources wisely so they will bring benefits to all of us.

"In two areas we have made specific progress concerning water. We have chosen a consulting firm to assist the State in developing a demonstration water-desalting plant on Oahu to convert slightly saline water to fresh, drinkable water. It will be located in central Oahu, where there is a good supply of saline water, and it will be designed to produce more than a million gallons of fresh water each day. As our population increases over the years, it will be well for us to have experience in desalting techniques because we will probably need them. I think the prospect is eminently worth the \$4 million we are asking be appropriated.

"And we will request that the same amount be spent over the next two years in exploring surface and ground water resources. In that connection, I'm happy to

tell you that the State-drilled Mililani-Mauka exploration well 'A' is now complete at 1100 feet. It is capable of producing two million gallons a day of water that is free of pesticide contamination. Last year, you appropriated the money for this well when others in the area were found to be contaminated. Having closed some of those wells, we are fortunate that this new back-up source of water has turned out to be so bountiful.

"I have aimed at being comprehensive in these remarks, but I hope you won't think that if a program or subject has not been mentioned, that this Administration doesn't think it is important. In one sense, everything we do is important, and the budget itself will encompass everything — as will the testimony that our Administration will offer to your various legislative committees in support of what we believe.

"Let me close then with two announcements that, like everything else, are important. But each of these has a special poignancy that calls for your special attention.

"There has been much public concern about the adequacy and the enforcement of laws regarding child abuse. Our Administration has responded with a request in this budget to add 32 positions to the Child Protective Service units of the Department of Social Services over the next biennium. We are searching for ways to make this array of services more effective. This is, of course, one of the most difficult of all human problems and especially of law enforcement problems. It is made more complicated by the fact that aggressive actions against children, which were once swept under the rug and not reported at all, are now very much a part of the public dialogue. That something must be done is certain. But in this troublesome area where the law intersects with psychiatry, we want to be sure that we are doing the right thing.

"Finally, this biennial budget includes a request for \$15 million in capital improvement project funds to build a new Hawaii State Hospital. This will become the primary facility for dealing with and helping to cure — if possible — that forgotten segment of our population, the seriously mentally ill.

"My fellow citizens and my colleagues in government, this concludes my observations about the state of our State. The year 1984 — our Statehood Silver Jubilee Year — turned out not to be so dismal as George Orwell predicted back in 1948! Indeed, the general state of human affairs in Hawaii, as compared to many, many other places we read about in each day's headlines, is

remarkably good. This may not be Paradise, as travel brochures have labelled it, but in some ways, it comes pretty close.

"The governmental process goes on. The push-and-tug of life here in the Capitol of our 50th State reflects, of course, the push-and-tug of life throughout the State itself! In our constant search for what I have called 'the best Hawaii' we will disagree on many things, but happily, we will agree on many too. And always, we will have the job of earnestly striving to find solutions that will work for today as well as for tomorrow.

"The great violinist Yehudi Menuhin once said:

'Every performance counts. And no matter how skilled or experienced you become, there is no resting on your laurels. The most important performance is always the next one.'

"Perhaps, my friends and my fellow citizens, we can all keep that in mind as we move into this year. Let us keep moving forward with a strong and active faith in Divine Providence and in our wonderful people of Hawaii.

"Mahalo and Aloha."

Senate President Wong then rose and stated:

"Governor, on behalf of the members of the Thirteenth Legislature, I would like to take this opportunity to thank you for sharing with us your administration's blueprint for a better Hawaii. In particular for me, and I am sure I share the sentiments of all the members in the Thirteenth Legislature, your rededication to the commitment for quality education in Hawaii is deeply appreciated. We will in the next few days and weeks look forward for specific proposals from the administration to accomplish and implement the things that you discussed with us today."

"If there be no objections by the members of the Thirteenth Legislature, I now declare the Joint Session adjourned."

At 11:40 o'clock a.m., the President declared the Joint Session adjourned.

The Senate reconvened at 11:50 o'clock a.m.

The President then made the following committee assignments:

AGRICULTURE

Malama Solomon, Chairman
Gerald T. Hagino, Vice Chairman
Lehua Fernandes Salling
Clayton H.W. Hee

Richard M. Matsuura
Norman Mizuguchi
Charles T. Toguchi
Richard Henderson
W. Buddy Soares

CONSUMER PROTECTION AND COMMERCE

Steve Cobb, Chairman
Bertrand Kobayashi, Vice Chairman
Benjamin J. Cayetano
Anthony K.U. Chang
Duke T. Kawasaki
Joseph T. Kuroda
Richard M. Matsuura
Mary-Jane McMurdo
Patsy K. Young
Richard Henderson
Ann Kobayashi

ECONOMIC DEVELOPMENT

James Aki, Chairman
Richard M. Matsuura, Vice Chairman
Lehua Fernandes Salling
Gerald T. Hagino
Milton Holt
Duke T. Kawasaki
Norman Mizuguchi
Mamoru Yamasaki
Patsy K. Young
Richard Henderson
W. Buddy Soares

EDUCATION

Charles T. Toguchi, Chairman
Malama Solomon, Vice Chairman
Neil Abercrombie
Lehua Fernandes Salling
Gerald T. Hagino
Clayton H.W. Hee
Joseph T. Kuroda
Ann Kobayashi
W. Buddy Soares

ENERGY

Richard M. Matsuura, Chairman
James Aki, Vice Chairman
Gerald T. Hagino
Mary-Jane McMurdo
Norman Mizuguchi
Richard Henderson
W. Buddy Soares

GOVERNMENT OPERATIONS

Duke T. Kawasaki, Chairman
Lehua Fernandes Salling, Vice Chairman
Clayton H.W. Hee
Joseph T. Kuroda
Mary-Jane McMurdo
Mary George
W. Buddy Soares

HEALTH

Bertrand Kobayashi, Chairman
Gerald K. Machida, Vice Chairman

Duke T. Kawasaki
 Richard M. Matsuura
 Malama Solomon
 Mary George
 Ann Kobayashi

HIGHER EDUCATION

Milton Holt, Chairman
 Anthony K.U. Chang, Vice Chairman
 Neil Abercrombie
 Benjamin J. Cayetano
 Gerald K. Machida
 Norman Mizuguchi
 Charles T. Toguchi
 Mamoru Yamasaki
 Patsy K. Young
 Richard Henderson
 W. Buddy Soares

HOUSING AND COMMUNITY DEVELOPMENT

Patsy K. Young, Chairman
 Clayton H.W. Hee, Vice Chairman
 James Aki
 Steve Cobb
 Milton Holt
 Mary-Jane McMurdo
 Malama Solomon
 Mary George
 Ann Kobayashi

HUMAN SERVICES

Neil Abercrombie, Chairman
 Mamoru Yamasaki, Vice Chairman
 Benjamin J. Cayetano
 Clayton H.W. Hee
 Milton Holt
 Richard Henderson
 Ann Kobayashi

JUDICIARY

Anthony K.U. Chang, Chairman
 Benjamin J. Cayetano, Vice Chairman
 Neil Abercrombie
 James Aki
 Steve Cobb
 Duke T. Kawasaki
 Joseph T. Kuroda
 Charles T. Toguchi
 Patsy K. Young
 Mary George
 Ann Kobayashi

LABOR AND EMPLOYMENT

Gerald K. Machida, Chairman

Neil Abercrombie, Vice Chairman
 Steve Cobb
 Milton Holt
 Mamoru Yamasaki
 Richard Henderson
 Ann Kobayashi

LEGISLATIVE MANAGEMENT

Patsy K. Young, Chairman
 Gerald T. Hagino, Vice Chairman
 Mary George

TOURISM AND RECREATION

Joseph T. Kuroda, Chairman
 Mary-Jane McMurdo, Vice Chairman
 James Aki
 Anthony K.U. Chang
 Lehua Fernandes Salling
 Bertrand Kobayashi
 Norman Mizuguchi
 Mary George
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Benjamin J. Cayetano, Chairman
 Charles T. Toguchi, Vice Chairman
 Anthony K.U. Chang
 Steve Cobb
 Gerald T. Hagino
 Bertrand Kobayashi
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 Mary George
 W. Buddy Soares

WAYS AND MEANS

Mamoru Yamasaki, Chairman
 Norman Mizuguchi, Vice Chairman
 Lehua Fernandes Salling
 Gerald T. Hagino
 Clayton H.W. Hee
 Milton Holt
 Bertrand Kobayashi
 Gerald K. Machida
 Richard M. Matsuura
 Mary-Jane McMurdo
 Malama Solomon
 Richard Henderson
 W. Buddy Soares

ADJOURNMENT

At 11:55 o'clock a.m., on motion by Senator Kuroda, seconded by Senator Soares and carried, the Senate adjourned until 11:30 o'clock a.m., Friday, January 25, 1985.