

## FOURTH DAY

Tuesday, January 21, 1992

The Senate of the Sixteenth Legislature of the State of Hawaii, Regular Session of 1992, convened at 9:30 o'clock a.m. with the President in the Chair.

The Divine Blessing was invoked by the Reverend Bob Gillchrest, Kalihi Baptist Church, after which the Roll was called showing all Senators present with the exception of Senators Chang, Nakasato and Reed who were excused.

The President announced that he had read and approved the Journal of the Third Day.

At this time, Senator McCartney introduced to the members of the Senate Mr. Ben Schaffer, a good friend and resident of Kahana Valley.

## MESSAGES FROM THE GOVERNOR

The following messages from the Governor (Gov. Msg. Nos. 88 to 94) were read by the Clerk and were placed on file:

Gov. Msg. No. 88, dated December 23, 1991, transmitting a report on Small Business Innovation Research (SBIR) activity in Hawaii during federal fiscal year 1991, prepared by the High Technology Development Corporation in response to Act 196, SLH 1989.

Gov. Msg. No. 89, dated December 30, 1991, transmitting the "Annual Report Containing the Salaries Paid to All Executive, Managerial, and Faculty Members Including the President," prepared by the University of Hawaii in response to Act 310, SLH 1991.

Gov. Msg. No. 90, dated January 2, 1992, transmitting the "FY 1990-91 Annual Report of the Hawaii Fisheries Coordinating Council," prepared by the Department of Land and Natural Resources.

Gov. Msg. No. 91, dated January 6, 1992, transmitting reports of the Commissioner of Financial Institutions, the "Proposed Code of Financial Institutions," and the "Proposed Expanded Powers for Financial Institutions," in response to Act 128, SLH 1990.

Gov. Msg. No. 92, dated January 10, 1992, transmitting a report prepared by the Department of Health in response to Act No. 324, SLH 1991, requesting review and recommendations from the Director of Health on the Office of Solid Waste Management.

Gov. Msg. No. 93, dated January 15, 1992, transmitting the "Special Report on the Asbestos Litigation Unit," prepared by the Department of the Attorney General in response to Act 299, Section 218A, SLH 1990.

Gov. Msg. No. 94, dated January 2, 1992, transmitting the Hawaii Public Broadcasting Authority 1990-1991 Annual Report, in response to Section 314-12, HRS.

## DEPARTMENTAL COMMUNICATIONS

The following communications (Dept. Com. Nos. 12 and 13) were read by the Clerk and were placed on file:

Dept. Com. No. 12, from the Department of Commerce and Consumer Affairs dated January 15, 1992, transmitting the "Hawaii Real Estate Commission's 1991 Annual Report."

Dept. Com. No. 13, from the Office of the Auditor dated January 17, 1992, transmitting the "Review of Special and Revolving Funds of the Housing Finance and Development Corporation and the Department of Business, Economic Development, and Tourism," Report No. 92-3.

## SENATE CONCURRENT RESOLUTIONS

The following concurrent resolutions (S.C.R. Nos. 4 to 7) were read by the Clerk and were placed on the calendar for further consideration on Wednesday, January 22, 1992:

Senate Concurrent Resolution

No. 4 "SENATE CONCURRENT RESOLUTION URGING THE COUNTIES TO PROVIDE FIREARMS TRAINING."

Offered by: Senator Reed.

No. 5 "SENATE CONCURRENT RESOLUTION URGING THE COUNTIES TO PROVIDE A FIREARMS SAFETY PAMPHLET."

Offered by: Senator Reed.

No. 6 "SENATE CONCURRENT RESOLUTION REQUESTING THE OFFICE OF THE LIEUTENANT GOVERNOR TO EXPLORE THE ADVANTAGES OF UTILIZING COMPUTERS AND OTHER METHODS TO IMPROVE THE STATE'S VOTER PURGING SYSTEM."

Offered by: Senator Levin.

No. 7 "SENATE CONCURRENT RESOLUTION REQUESTING THAT AIRLINES, HOTELS, AND OTHER REPRESENTATIVES OF THE HAWAII TOURIST INDUSTRY PROVIDE GREATER DISCOUNT RATES TO STATE RESIDENTS."

Offered by: Senators Nakasato, Aki, Chang, Cobb, George, Hagino, Iwase, Kobayashi, A., Koki, Matsuura, McMurdo, Solomon, Tungpalan.

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**INTRODUCTION OF SENATE BILLS**

On motion by Senator Solomon, seconded by Senator Fernandes Salling and carried, the following bills passed First Reading by title, and were placed on the calendar for further consideration on Wednesday, January 22, 1992:

**Senate Bill**

No. 2391 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR HIGHWAY IMPROVEMENT."

Introduced by: Senator Crozier.

No. 2392 "A BILL FOR AN ACT RELATING TO NATIVE HAWAIIAN TRUSTS."

Introduced by: Senator Crozier.

No. 2393 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR TRAFFIC CONTROL LIGHTS AT ILIMA INTERMEDIATE SCHOOL."

Introduced by: Senator Crozier.

No. 2394 "A BILL FOR AN ACT RELATING TO CHILD CARE."

Introduced by: Senators Aki, Cobb, Kobayashi, A., Kobayashi, B.

No. 2395 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A DAY CARE CENTER ON THE WAIANAEO COAST, OAHU."

Introduced by: Senators Aki, Kobayashi, A., Kobayashi, B.

No. 2396 "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR HEALTH CARE FACILITIES."

Introduced by: Senators McMurdo, Levin.

No. 2397 "A BILL FOR AN ACT RELATING TO TAX APPEAL COURT."

Introduced by: Senators Levin, Fernandes Salling, Solomon, Yamasaki.

No. 2398 "A BILL FOR AN ACT RELATING TO THE HAWAII CRISIS RESPONSE PILOT PROJECT."

Introduced by: Senators Levin, Matsuura, McMurdo, Solomon.

No. 2399 "A BILL FOR AN ACT RELATING TO YOUTH SERVICE."

Introduced by: Senators Levin, Mizuguchi.

No. 2400 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A PILOT PROJECT SCHOOL IN KIPAHULU, MAUI, TO SERVE CHILDREN IN PRE-SCHOOL AND ELEMENTARY GRADES."

Introduced by: Senator Reed.

No. 2401 "A BILL FOR AN ACT RELATING TO TERRORISTIC THREATENING."

Introduced by: Senator Reed.

No. 2402 "A BILL FOR AN ACT RELATING TO JURORS."

Introduced by: Senator Reed.

No. 2403 "A BILL FOR AN ACT RELATING TO HUNTING LICENSE FEES."

Introduced by: Senator Reed.

No. 2404 "A BILL FOR AN ACT RELATING TO THE STATE HIGHWAY FUND."

Introduced by: Senators Cobb, Chang, Hagino, Iwase, McCartney, McMurdo, Nakasato, Solomon, Tungpalan.

No. 2405 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE PAYMENT OF CLAIMS PENDING UPON THE REPEAL OF THE PATIENTS' COMPENSATION FUND."

Introduced by: Senators Cobb, Chang, McCartney, McMurdo, Solomon.

No. 2406 "A BILL FOR AN ACT RELATING TO CAMPAIGN SPENDING."

Introduced by: Senators Cobb, Chang, Hagino, Iwase, McCartney, McMurdo, Solomon, Tungpalan.

No. 2407 "A BILL FOR AN ACT MAKING AN APPROPRIATION TO MARK THE ONE HUNDREDTH ANNIVERSARY OF THE OVERTHROW OF QUEEN LILIUOKALANI AND TO DISCUSS ISSUES OF HAWAIIAN SOVEREIGNTY."

Introduced by: Senators Crozier, Aki, Fernandes Salling, Hagino, Ikeda, Iwase, Kobayashi, A., Levin, Matsuura, McCartney, Mizuguchi, Solomon, Tungpalan.

No. 2408 "A BILL FOR AN ACT RELATING TO ANIMALS."

Introduced by: Senators Levin, Reed.

No. 2409 "A BILL FOR AN ACT RELATING TO ANIMALS."

Introduced by: Senator Levin, by request.

No. 2410 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A STUDY TO DETERMINE THE OPTIONS AVAILABLE TO THE STATE AND THE COUNTY OF HAWAII IN DEALING WITH THE SITUATION OF LAVA INUNDATION ON THE BIG ISLAND."

Introduced by: Senator Levin.

No. 2411 "A BILL FOR AN ACT RELATING TO AGRICULTURE."

Introduced by: Senator Levin.

No. 2412 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE HIRING OF TWO

**AGRICULTURAL EXTENSION AGENTS AT THE KONA CAMPUS OF THE UNIVERSITY OF HAWAII."**

Introduced by: Senators Levin, Solomon.

**No. 2413 "A BILL FOR AN ACT RELATING TO FOOD AND DRUGS."**

Introduced by: Senators Matsuura, Aki.

**No. 2414 "A BILL FOR AN ACT RELATING TO ELECTIONS."**

Introduced by: Senator Matsuura.

**No. 2415 "A BILL FOR AN ACT RELATING TO LIKE-KIND EXCHANGE INTERMEDIARIES."**

Introduced by: Senator Matsuura.

**No. 2416 "A BILL FOR AN ACT RELATING TO HEALTH PLANNING."**

Introduced by: Senators Matsuura, McCartney.

**No. 2417 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AN EXPLORATORY WELL ON STATE LAND NEAR PUU ANAHULU IN NORTH KONA, HAWAII."**

Introduced by: Senators Matsuura, Solomon.

**No. 2418 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR COMMUNITY SCHOOLS IN HAWAII COUNTY."**

Introduced by: Senators Matsuura, Levin.

**No. 2419 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE HAWAII CIVIL RIGHTS COMMISSION."**

Introduced by: Senators Yamasaki, Iwase, Matsuura, McCartney, Nakasato.

**No. 2420 "A BILL FOR AN ACT RELATING TO A VOLUNTARY, CONSULTATIVE, AND EDUCATIONAL FOOD SAFETY ACTIVITY FOR THE FOOD SERVICE PERSONNEL OF HAWAII."**

Introduced by: Senators Yamasaki, Kobayashi, A., McCartney, Matsuura, Iwase, Nakasato.

**No. 2421 "A BILL FOR AN ACT RELATING TO DISPOSITION OF TRANSIENT ACCOMMODATIONS TAX REVENUES TO THE COUNTIES."**

Introduced by: Senators Yamasaki, Iwase, Matsuura, McCartney, Nakasato.

**No. 2422 "A BILL FOR AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR SUBSTANCE ABUSE TREATMENT AT MAUI MEMORIAL HOSPITAL."**

Introduced by: Senators Yamasaki, Blair, Iwase, Matsuura, McCartney, Nakasato.

**No. 2423 "A BILL FOR AN ACT RELATING TO DISPOSITION OF THE TRANSIENT ACCOMMODATIONS TAX REVENUES."**

Introduced by: Senators Yamasaki, McCartney, Matsuura, Iwase, Nakasato.

**No. 2424 "A BILL FOR AN ACT RELATING TO TEACHERS."**

Introduced by: Senators Yamasaki, McCartney, Iwase, Kobayashi, A., Nakasato.

**No. 2425 "A BILL FOR AN ACT RELATING TO ALCOHOL."**

Introduced by: Senator Koki.

**No. 2426 "A BILL FOR AN ACT RELATING TO ILLEGAL DRUG USE DURING PREGNANCY."**

Introduced by: Senator Koki.

**No. 2427 "A BILL FOR AN ACT RELATING TO MANSLAUGHTER."**

Introduced by: Senator Koki.

**No. 2428 "A BILL FOR AN ACT RELATING TO THE LANDLORD-TENANT CODE."**

Introduced by: Senator Koki.

**No. 2429 "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE V, SECTION 5, OF THE HAWAII CONSTITUTION, TO ESTABLISH REGULATORY POWERS OVER THE LEGAL PROFESSION IN THE EXECUTIVE BRANCH OF GOVERNMENT."**

Introduced by: Senator Koki, by request.

**No. 2430 "A BILL FOR AN ACT RELATING TO CONDOMINIUMS."**

Introduced by: Senators Ikeda, Iwase, Kobayashi, A., Matsuura, McCartney, Solomon, Yamasaki.

**No. 2431 "A BILL FOR AN ACT RELATING TO THE SUNSET LAW."**

Introduced by: Senators Ikeda, Chang, Cobb, Iwase, Kobayashi, A., Levin, Matsuura, McCartney, McMurdo, Nakasato, Solomon, Yamasaki.

**No. 2432 "A BILL FOR AN ACT RELATING TO PAWNBROKERS."**

Introduced by: Senators Ikeda, Blair, Chang, Cobb, Iwase, Kobayashi, A., Levin, Matsuura, McCartney, McMurdo, Nakasato, Solomon, Yamasaki.

**No. 2433 "A BILL FOR AN ACT RELATING TO THE STATE TORT LIABILITY ACT."**

Introduced by: Senators Ikeda, Cobb, Iwase, McCartney, Nakasato.

**No. 2434 "A BILL FOR AN ACT RELATING TO HOMELESS PROGRAMS."**

Introduced by: Senators Ikeda, Blair, Chang, Cobb, Iwase, Kobayashi, A., Levin, Matsuura, McCartney, Nakasato, Solomon, Yamasaki.

**No. 2435 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AINA HAINA HILLSLIDE REPAIRS."**

Introduced by: Senators Ikeda, Cobb, Iwase, McCartney, Nakasato.

No. 2436 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR VARIOUS IMPROVEMENTS AT AINA HAINA ELEMENTARY SCHOOL."

Introduced by: Senators Ikeda, Cobb, Iwase, McCartney, Nakasato.

No. 2437 "A BILL FOR AN ACT RELATING TO SALVAGED MOTOR VEHICLES."

Introduced by: Senators Ikeda, Cobb, Iwase, McCartney.

No. 2438 "A BILL FOR AN ACT RELATING TO THE MOTOR VEHICLE INDUSTRY LICENSING ACT."

Introduced by: Senators Ikeda, Iwase, McCartney.

No. 2439 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR VARIOUS IMPROVEMENTS AT KALANI HIGH SCHOOL."

Introduced by: Senators Ikeda, Cobb, Iwase, McCartney, Nakasato.

No. 2440 "A BILL FOR AN ACT RELATING TO THE COMMEMORATION OF THE NINETIETH ANNIVERSARY OF THE ARRIVAL OF THE FIRST KOREANS IN HAWAII."

Introduced by: Senators Ikeda, Blair, Chang, Cobb, Iwase, Kobayashi, A., Levin, Matsuura, McCartney, McMurdo, Nakasato, Solomon, Yamasaki.

No. 2441 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR ATTORNEY FEES INCURRED BY LESSEES SEEKING TO ENFORCE THE LAND REFORM ACT."

Introduced by: Senators Ikeda, McCartney.

No. 2442 "A BILL FOR AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS FOR THE ELEVENTH SENATORIAL DISTRICT."

Introduced by: Senators Ikeda, Iwase, McCartney, Nakasato.

No. 2443 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF A SKATEBOARD FACILITY IN KAIKA STATE RECREATION AREA."

Introduced by: Senators Nakasato, Aki, Chang, Cobb, George, Kobayashi, A., Matsuura, McMurdo, Solomon, Tungpalan.

No. 2444 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE VISITOR INDUSTRY EDUCATION COUNCIL."

Introduced by: Senators Nakasato, Aki, Chang, Cobb, George, Hagino, Iwase, Kobayashi, A., Koki, Matsuura, McMurdo, Solomon, Tungpalan.

No. 2445 "A BILL FOR AN ACT MAKING AN APPROPRIATION TO THE FESTIVAL OF THE PACIFIC."

Introduced by: Senators Nakasato, Aki, Chang, Cobb, George, Hagino, Iwase, Kobayashi, A., Koki, Matsuura, McMurdo, Solomon, Tungpalan.

No. 2446 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR IMPROVEMENTS TO HAWAII RACEWAY PARK."

Introduced by: Senators Nakasato, Aki, Cobb, Hagino, Iwase, Kobayashi, A., Koki, McMurdo, Solomon, Tungpalan.

No. 2447 "A BILL FOR AN ACT RELATING TO TOURISM."

Introduced by: Senators Nakasato, Aki, Chang, George, Hagino, Kobayashi, A., Koki, Matsuura, Solomon, Tungpalan.

No. 2448 "A BILL FOR AN ACT RELATING TO RECYCLING."

Introduced by: Senators Nakasato, Aki, Chang, Cobb, George, Hagino, Iwase, Kobayashi, A., Matsuura, McMurdo, Solomon, Tungpalan.

### STANDING COMMITTEE REPORTS

Senator Blair, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1600) recommending that S.B. No. 132 pass Second Reading and be placed on the calendar for Third Reading.

On motion by Senator Solomon, seconded by Senator Fernandes Salling and carried, the report of the Committee was adopted and S.B. No. 132, entitled: "A BILL FOR AN ACT RELATING TO AD DAMNUM CLAUSE," passed Second Reading and was placed on the calendar for Third Reading on Thursday, January 23, 1992.

Senator Blair, for the majority of the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1601) recommending that S.B. No. 794, as amended in S.D. 1, pass Second Reading and be placed on the calendar for Third Reading.

On motion by Senator Solomon, seconded by Senator Fernandes Salling and carried, the report of the majority of the Committee was adopted and S.B. No. 794, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO SPOUSES," passed Second Reading and was placed on the calendar for Third Reading on Thursday, January 23, 1992.

Senator Blair, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1602) recommending that H.B. No. 599; H.D. 1, as amended in S.D. 1, pass Second Reading and be placed on the calendar for Third Reading.

On motion by Senator Solomon, seconded by Senator Fernandes Salling and carried, the report of the Committee was adopted and H.B. No. 599, H.D. 1, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO COURTS," passed Second Reading and was placed on the calendar for Third Reading on Thursday, January 23, 1992.

At 9:37 o'clock a.m., on motion by Senator Solomon, seconded by Senator Fernandes Salling 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 the state address.

### JOINT SESSION

The Joint Session of the Senate and the House of Representatives was called to order at 10:05 o'clock a.m.

by the Honorable Daniel Kihano, Speaker of the House of Representatives.

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

The First Lady of the State of Hawaii, Mrs. Lynne Waihee. She was presented pikake leis by Senator Aki and Representative Arakaki.

The Lieutenant Governor of Hawaii, the Honorable Benjamin J. Cayetano. He was presented maile and ilima leis by Senator Solomon and Representative Hirono.

The Honorable Patsy T. Mink, United States Congresswoman;

Mrs. Joann Kihano, wife of Speaker Kihano. She was presented a lei by Senator Hagino.

The Honorable William F. Quinn, former Governor of Hawaii;

The Honorable Frank F. Fasi, Mayor of the City and County of Honolulu;

The Honorable Lorraine R. Inouye, Mayor of the County of Hawaii;

Admiral Charles Larson, Commander in Chief, U.S. Pacific Command;

Admiral Robert J. Kelly, Commander in Chief, U.S. Pacific Fleet;

Captain Clarence Martin, Chief of Staff, U.S. Coast Guard;

The Honorable Keith Adamson, Dean of the Consular Corps;

Right Honorable Ratu Sir Kamisese Mara, Prime Minister of Fiji;

The Honorable Geoffrey Henry, Prime Minister of the Cook Islands;

The Honorable Bikenibeu Paeniu, Prime Minister of Tuvalu;

The Honorable Tom Kijiner, Minister of Foreign Affairs, Marshall Islands;

The Honorable Peter Coleman, Governor of American Samoa;

The Honorable Bernard Narokobi, Attorney General, Papua, New Guinea;

The Honorable Kinza Clodumar, Minister of Finance, Nauru; and

Mr. Alexandre Ata, Special Advisor for Foreign Affairs, French Polynesia.

The Chair then appointed Senators Hagino, Aki and George and Representatives Apo, Taniguchi and O'Kieffe to escort the Honorable John D. Waihee, Governor of the State of Hawaii, to the rostrum.

Senator A. Kobayashi, on behalf of the Senate, and Representative Baker, on behalf of the House of Representatives, presented Governor Waihee with maile and ilima leis.

The Speaker then presented to the members of the Sixteenth Legislature and guests the Honorable John D. Waihee, Governor of the State of Hawaii.

The Governor addressed the Joint Session as follows:

"President Wong, Speaker Kihano, Members of the Sixteenth Legislature, Honored Guests, Ladies and Gentlemen:

"Aloha!

"Five years ago, I asked you to dream with me of bold and creative ideas which would propel our state on its journey into tomorrow. I asked you to stretch your imagination and go for the best.

"We did just that, turning dreams into activism and reform on the pressing issues of the day.

"Today, I ask you to take pride in the dreams that we have realized, and not lose faith in those which remain elusive -- to continue the hard task of striving for goals that are difficult.

"We convene now in the first month of the Year of the Family. We know that families are feeling the squeeze all across this country: national unemployment rates more than twice the Hawaii average, the worst national growth rate since the Great Depression, what Washington columnist David Broder recently called 'The Economic Devastation of State Government.' If you could sell doom and gloom as a product, we could balance our trade deficit tomorrow.

"The issues are jobs, housing, health, education and quality of life.

"I propose a course of action based on spending smart, thinking creatively, leveraging community partnerships, and using the mind and muscle of the total community to build homes, keep us healthy, empower our schools and nurture our environment.

"We begin by dealing with economic realities. From the standpoint of state budgeting, I believe that if we invest in needed CIP projects today, we will, in turn, generate needed revenues for important programs tomorrow. I want to thank President Wong for his support of this concept.

"Therefore, we have instituted an accelerated capital improvement program for \$1.9 billion worth of projects to be constructed over the next 18 months. Furthermore, I challenge the private sector to help us secure another \$500 million of construction activity. Together, we can bring construction activity up to the \$2.4 billion level we achieved in 1991. By doing so, we can prime the economic pump, meet important social goals, and stabilize state revenues.

"When speaking of economic realities, we cannot avoid a discussion of the renovation of this Capitol. Well, these are the painful facts: no doubt, parts of this building are contaminated and the asbestos must be removed. Leaving the asbestos in place is not cost-effective. As pointed out in the Attorney General's asbestos litigation report, it costs \$5 thousand just to change light bulbs in this chamber because trained asbestos workers have to do it. Incidentally, the blackout this morning was, on the other hand, not connected to the Capitol renovation.

"Currently, \$47 million have been appropriated for this project, and given the realities of these times, we intend to complete the necessary renovations without additional

appropriations. We also intend to recover these costs through litigation and we will get back here for good, as soon as we can.

"The recession has been a major test of our economic policies, and on the whole, I believe, the results show the wisdom of our planning. But this is no time for complacency. We must continue to support tourism, our single biggest revenue generator and, at the same time, broaden our economic options by strengthening other industries.

"For tourism, we must pay attention to market and product. We must continue an aggressive marketing posture in an increasingly competitive world. Our travel mix today is more diverse than ever, with the continental U.S. providing about 65 percent of our market, Japan about 20 percent, and a rapidly increasing share from new markets like Europe, Australia and other Asian nations. In 1991, we added five new routes to and from Japan, representing 700,000 more international seats to Hawaii.

"Has our market strategy worked? Last August, when every other comparable travel destination was still in the post-war doldrums, Hawaii had recovered.

"Equally important is the product. Simply defined, the product is our people, our culture and our land. It is everything that makes Hawaii, Hawaii.

"How do we protect and, better yet, enhance that product? We do it with programs like the Waiaha Foundation, which keeps workers in tune with their culture and environment. We do it by introducing new types of tourism, like eco-tourism -- or what I call the 'Hawaii Watch' program -- which brings people here who want to rough it a little and improve our environment.

"Last week, Senator Mike McCartney, chair of the Senate Education Committee, suggested to me that if our schools are to achieve education excellence, we must chart a course that emphasizes the '3 R's': reform, restructuring and resources. I agree and here is what I propose.

"If we are truly committed to the reformation of our public school system, then we have to both empower our local schools and insist on excellence.

"The first cornerstone of reform is the implementation of school/community based management (SCBM) which places responsibility for the direction and operation of each school with school-level professionals and parents. Educators there need to innovate, participate in decision making, and in turn, be held accountable for meeting the educational needs of their students.

"The second cornerstone of reform is just as important. We must create a results-driven educational system.

"Unfortunately, by its very nature, our public education system is geared toward managing, evaluating and reporting educational activities rather than educational results. If educational reform is to be meaningful, we must change from a system of activity management to one of quality control. In short, we need clear measures of educational performance. How else will we be able to give our local schools the authority they need? The twin of empowerment is accountability.

"In order for school reform to succeed, there is no question that we must restructure the way we service, operate and govern our schools.

"Here in Hawaii, we may be the only state in the country that is attempting to simultaneously restructure three levels of public education.

"First, after three years of implementing SCBM, it is clear that our present system is not designed to fully support it. For example, in his conversation with me, Senator McCartney observed that: 'If we truly believe that our schools will become the focal point of the D.O.E. and our community, then why can someone make more money the further you get away from the true focal point -- the students?' 'And why is it that state and district office personnel have greater access to xerox machines, supplies and materials than teachers in the field?' These are critical questions.

"We need different policies if we are serious about empowering our local schools. Here are a few proposals:

"Regarding Personnel Policies: I believe that the highest paid administrators in our system without the title of superintendent should be our school principals; likewise, teachers who enjoy teaching and do it well should be able to realize their full economic potential and still remain in the classroom; furthermore, hiring decisions for these positions should be made at the local school level, with appropriate safeguards to protect against abuse or unfairness, using the broadest pool of qualified applicants.

"These ideas are not new. All parties agree they have merit. So today, I call upon all stakeholders, especially our collective bargaining representatives, to work with us to accomplish these changes. In doing so, let me make clear that I am not ready, as some in our community, to say that unions have no role in our public schools. However, just as we must change our public school system to meet the realities of changing times, we must - for the sake of our children - also be willing to change our collective bargaining practices as well.

"Regarding Resource Allocation Policies: With the monies you have provided, much has been done to improve local school facilities. I know because I have seen these improvements for myself. However, I have also seen necessary but minor repairs left unattended for irritatingly long periods of time.

"To help rectify this problem and strengthen the concept of local school governance, I propose an appropriation of \$2.3 million to establish a school based R&M program. These monies are to be allocated to all 235 schools statewide, with each school receiving at least \$8 thousand to a maximum of \$20 thousand. These funds will be exempted from state bidding requirements and are to be used under the principal's direction.

"Second, we must move on administrative restructuring. I ask for your support of Superintendent Charlie Toguchi and the Board of Education as they implement project Ke Au Hou, which is intended to reallocate resources outward and use central staff personnel to support the educational programs at the local schools.

"Third, we are all well aware that our current system of educational governance diffuses and dilutes responsibility. As a result, accountability is muddled between the Board of Education, the Legislature and the Executive.

"In our efforts to develop new industries, we have increased the number of captive insurance companies from two to 22, added 11 new sporting events, and in February, will break ground on a new film studio at Diamond Head.

"Our high tech industry took a significant leap forward recently with the opening of the first facility in the Maui Research and Technology Park. With the development 75 percent leased and filling fast, more facilities in the planning stage, and the state's own Maui Research Technology Center to open within a few weeks, the future of high tech on Maui looks extremely bright.

"By the way, as a result of our \$10 million investment in the park, a \$19 million 'super computer' image information center is being developed. The center will be open to researchers from throughout the country and will play a major role in international research.

"Our initiatives to develop new markets for our agricultural products resulted in state and private agencies jointly participating in the world's largest food trade show -- ANUGA -- in Cologne, Germany, last year, which is anticipated to result in more than \$4 million in new business annually.

"In addition, the International Business Center of Hawaii which opened last September, has served more than 150 businesses with trade counseling and trade financing, and is helping to make Hawaii truly an international center for commerce.

"These trade activities will become increasingly important at a time when the Asian-Pacific arena is expected to flex its economic and industrial muscle. That, according to Bank of Hawaii's 1991 Annual Economic Report, 'will produce growth in Hawaii that is likely to be much broader and more sustainable than the intensely resort-focused developments of the late 1980s.'

"Over the past several years, we've worked hard to improve the business climate in Hawaii. Last year, Hawaii employers saved a total of \$75 million, through the reduction of our unemployment insurance taxable wage base and lower employer contribution rates due to the solvency of the Unemployment Insurance Trust Fund. If low unemployment rates continue through 1992, employers should receive an additional \$80 million reduction.

"This year, we will work with businesses to focus on worker safety programs. Today, I want to acknowledge two construction companies -- Black & Beach and Hawaiian Dredging -- who, in their work on the AES cogeneration plant, implemented a safety and health program which cut their workers' compensation costs by 80 percent, saving an estimated \$1 million in premiums. Safe working conditions and profits go hand in hand.

"Clearly, as a nation and a highly vulnerable state, we are way behind the energy security curve. Our actions must be redoubled. We must provide for Hawaii's future needs by exploring both demand-side and supply-side actions.

"As you know, our experience with geothermal development on the Big Island suffered a setback last year. But we have taken sound measures to ensure the safety and health of our citizens. Satisfied, we remain determined and committed to the development of geothermal to fill the critical energy needs of the Big Island.

"Together, we have made some real gains in education over the last five years. We began school/community based management, created a school superfund, increased teacher salaries by over 50 percent, and initiated or substantially augmented a wide range of education-related programs.

"Yet with all this growth and investment, why do we hear parents and educators voicing discontent? Because I believe, as so aptly stated by Lieutenant Governor Cayetano, chair of the Task Force on Education Governance that: 'Our current top-down highly centralized, overly bureaucratized system has distanced our people from their schools, while simultaneously becoming less able to address our education needs.'

"No doubt, a public school system that provides equal educational opportunity has been one of the most enduring commitments of the people of Hawaii. Ours is a unique statewide system--the envy of most states across this nation.

"Nonetheless, that very scope of administration has sometimes clouded our vision of what public education is all about. We need to remind ourselves that the mission of our public schools is not about the preservation of an institution but about educating our children.

"Many proposals have been advanced. Personally, I prefer an appointed school board. I believe that this alternative, like the UH Board of Regents, has the advantage of focusing on policy issues instead of administrative matters, and the potential for attracting the best talent in our community. Another alternative that has merit is a network of elected district or county boards to represent local concerns with an appointed board to set statewide policies and performance standards. However, any proposal that would clarify the current situation is preferable to the present system.

"Last session, you established the Task Force on Education Governance. The task force has done yeomen's work on this issue and even now is preparing to take its proposals out for further public input. I, like you, await their results. I hope that you will see fit to incorporate their recommendations into your legislative time table.

"In any event, I strongly urge that at the very least we deal with the policy governance issue this session and present a constitutional amendment to the voters for ratification in the 1992 general elections.

"The supplemental budget we submitted to you in December requests an additional \$20 million for education. Most of those funds are needed for current services. Today, I ask you for another \$14 million to be used to reduce class size, expand computer education and further enhance the quality of public education.

"I know that there isn't an elected leader in this room who would fail to support programs that clearly enhance quality public education. In the last five years, we increased funding for education by 70 percent. Our 1991-93 biennium budget appropriates about \$1.3 billion to the Department of Education. This represents a 21 percent increase over the prior 1989-91 biennium. In the last year, the publication State Policy Reports ranked us the fifth highest state in the nation in increased rate of spending for education.

"Yet I am compelled to raise a voice of caution. Too often, we have tried to effect educational improvements only by asking for new monies. We must also be willing to reallocate resources from lower priority programs to higher priority ones. Since my first state of the state address, I have challenged our school authorities to do this. Furthermore, a primary reason for calling for flexible funding, like we did with last year's \$70 million lump sum appropriation, was to allow priorities to be set by those directly involved with the individual schools. However, for the most part, we continue to treat

educational reform as a budgetary add-on after the status quo has been funded.

"To facilitate the prioritization process and support the empowerment of local schools, I have asked the Director of Budget and Finance to submit for your review a breakdown of the Department of Education's budget, displaying how many dollars have been allocated to each individual school. If we are serious about SCBM, we ought to know how much of our resources are reaching our local schools.

"Actually, the concept of school-by-school budgeting is not new. Then Representative Norman Mizuguchi proposed it in 1977 and it was adopted by the Legislature in Act 10 of that session. I suggest that we may want to do that again.

"We are all too well aware of the enormity of our facility problems faced by our public schools. Therefore, in addition to providing needed appropriations for new construction, we must at the same time seek alternatives to just building more schools each year to keep up with the growing enrollment.

"One attractive alternative is the year-round, multi-track system used extensively in other states with similar facility shortages. Indeed, here in Hawaii, the year-round school at Waihee is a success. Well, it is time to extend that alternative to other communities in this state, like West Hawaii where Senator Malama Solomon and her constituents want to develop two multi-track, year-round schools.

"Yes, my friends, if we want educational excellence, we must be willing to commit ourselves to reform, restructuring and resources.

"Thanks to Speaker Kihano and all of you, in the Year of the Family, Hawaii has become a national leader in human resource programs. Representative Pat Schroeder, the chair of the U.S. House Select Committee for Children, Youth and Families, earlier this month held up our Healthy Start Program as a model for all. National leaders look at our state as having the most advanced health care system in the country. A+, our literacy program and Ask-2000 have also received considerable national attention.

"The Year of the Family means stronger children, ready for school, ready to learn and ready to grow. That's the first national education goal.

"Our Zero to Three project is the first federally approved state plan of its kind and ensures that infants and toddlers with special needs have access to high quality early intervention services.

"An educator once said that there is no such thing as an at-risk child, there are only at-risk families. Our Healthy Start program conducts screening and services to help 2,400 families statewide realize their full potential in giving their children the best possible start in life. I propose that we expand the Healthy Start program. To do that, we are requesting an appropriation of \$4 million: \$2 million to restore the cuts made last session and \$2 million for expansion.

"Healthy children need early immunization. Yet only 68 percent of our kids get their shots by age two. I propose a partnership with insurance companies, physicians, and private agencies statewide for every infant and toddler in Hawaii. I am asking for \$1 million for vaccines, and \$600 thousand for outreach services, public education and weekend and evening clinics.

"In 1989, we proposed early childhood education for all of our children by the year 2000. We are rapidly moving on that goal. Through federal, state and private programs, approximately 74 percent of our children are already getting pre-school education. That in itself is a remarkable fact. Furthermore, because of your high levels of funding for early childhood development, we are eligible for an additional \$2.8 million in federal Child Care and Development Block Grant monies beginning in 1992, and I will ask for your support in securing these funds.

"The Year of the Family means reforming policies and services to meet family needs. Two exciting and dynamic programs are worth your special attention and support. One reforms policy. The other reforms service delivery. Both support families.

"In November, Hawaii became one of seven participating states in the National Policy Academy on Families and Children. Our agenda is to pull together the very best minds from all sectors to look at family strengths, elements essential to quality of life, and create a framework for policy reform.

"We must also reform the way we deliver family services. We are asking you for \$860 thousand for our family center demonstration project, operating at four community based centers across the state.

"The Year of the Family means increased family learning, with the library at the center of family education and self-learning. Happily, I announce that our renovated and expanded state library at the corner of King and Punchbowl Streets will reopen as a center of learning this spring. Over 65,000 people use one of our 49 libraries in any given week. We offer the only system in the world with direct on-line microcomputer access to its database holdings, weekly preschool toddler hours to ready our youngsters for school, and on February 29, with the dedication and opening of the Kailua-Kona Library, the first drive-through library service. For our libraries, we are requesting nearly \$2 million in supplemental funds for expanded services, equipment and books.

"From the First Lady, this reminder for everyone. Take the extra time to visit the library with your children and read with them every night at home. Ten minutes a day can change a lifetime.

"The Year of the Family means dignity and independence. Welfare and unemployment ought not be a place families go for good.

"Five hundred forty-four Oahu families have enrolled thus far in our Jobs Program. We are working with them on individualized needs like skill training and child care, which are transitional to employment. Retention is high and progress is gradual. Most importantly, the reports I get are that when people see options to the cycle of poverty and see hope for themselves and their children, they want to make it like everyone else. They want up and out for good. Later this year we open our Maui Jobs Program, with Kauai and the Big Island part of next year's federal and state request.

"While we are talking about families, the time has come to heed the call of the abused and the battered by taking action to end domestic violence. While we are on the subject of violence, let us finish our work to stop the proliferation of military-style assault weapons in our society.

"The Year of the Family means having the healthiest families in America. The federal government must

address health care reform in partnership with states, and Hawaii has become and will continue to be a major influence in this critical national debate.

"I can tell you that while other states are talking about what could happen to their peoples' health if they reformed their systems, Hawaii can talk about what has happened to improve peoples' health as a result of our action:

- The lowest rate of infant mortality and the lowest rate of preventable deaths from chronic diseases in the country.
- Our secret weapon, primary care -- early, timely and less costly -- reducing the very expensive in-patient care time to between half and two-thirds of the national rate.
- A private and public partnership which offers universal access to health care insurance and translates into health care costs for small businesses which are among the lowest in the nation.

"Yet, strong as it is, our system cannot stand still. Our community hospitals are running in the red. Grass-roots plans for new management models on Maui and the Big Island are underway. I renew our call for new systems with the dual goals of containing costs and providing service to everyone, rural and urban, rich and poor.

"Federal mandates, utilization rates and inflation have turned medicaid into a budgetary Pacman for every state in America. Expenditures for medicaid here have grown at a rate of 16 percent during the last two years. This translates into a deficit of \$54 million for this fiscal year and a projected \$78 million for the next.

"We are proposing administrative actions to save \$34 million of projected increases by the end of the next fiscal year. These actions include restructuring programs and recapturing a greater portion of federal funds for services.

"We need to take control of rising costs, before medicaid absorbs even more resources from other priorities, like education and housing.

"In the field of mental health, we have gone from neglect to respect. Hawaii's per capita spending on mental health has nearly tripled since 1986.

"We have opened a new facility at the Hawaii State Hospital. But we are not finished. We need three more years of continued support for the state hospital and for community-based services. Our supplemental budget contains \$8 million for mental health priorities. Our goal is accreditation for our hospital and our community centers, because accreditation establishes, without question, that Hawaii has met the national standards for sound and competent care.

"As Hawaii's population grows older, we are faced with the deep concerns of long-term care. This isn't an elderly issue. It's a family issue. That's why we call our initiative the Family Hope Program.

"Families facing the need for long-term care have two choices, highly priced private care or medicaid. As a result, people are turning to medicaid, and costs are soaring.

"We have made real progress in developing a long-term care service model for Hawaii. However, a key element is missing in our financial plan. We need to work on an agreement with the federal government not to penalize us for taking the lead on this issue. Therefore, we must

pursue federal approval to reallocate medicaid funds into a state plan, which in turn will help finance long-term care. Second, we are pursuing a federal partnership and resources for a state demonstration project that will implement and test the recommendations of the Long-Term Care Financing Advisory Board. These critical and timely actions are necessary to pave the way for a long-term care financing system that will serve all our seniors and their families.

"For families facing traffic congestion every day, we are dedicated to completing projects like Kalaniana'ole road widening -- six lanes wide from Kahala to Hawaii Kai -- by late 1993; and H-3 construction remains on schedule.

"However, we can only widen and build so many roads, so Honolulu's rapid transit program is very important. I want to express my personal thanks to the City Council and you for supporting rapid transit, and to our federal delegation for its work in securing a \$618 million commitment toward the system's completion.

"We are all concerned about the system's cost. Fortunately, the recently passed Federal Intermodal Surface Transportation Act allows states to pursue the federal funds that are not used by other states by September of 1992. I have instructed the DOT to apply for these funds, for rapid transit. There are certainly no guarantees, but this additional source may make it possible to shorten the length of time the county needs the mass transit surcharge tax.

"Also, to further address the impact of costs on Hawaii residents, this session we will address the regressivity of the surcharge tax by submitting a bill to improve the offsetting income tax credit.

"No issue is more pressing in Hawaii today than housing. In the last decade, the number of homeless families, rent, and the cost of housing have all dramatically increased. The concurrent rise in all three is no coincidence. They are interrelated. To resolve one area is to ease the pressure in another.

"With your support last year, we moved on homelessness as no other state has done, with a funding level 300 percent over the national average, and in spite of receiving less than one-half of our share of federal dollars. You see, in Washington, D.C., they think it's paradise out here and that we don't have any homeless families.

"Some say society can be judged by how it assists and cares for its neediest citizens. I want to tip my hard hat to Senator Mike Crozier and to all of you for what we have done so far, especially that day last summer when we hammered nails and built model homeless shelters in front of the Capitol. It dawned on me then, and is well worth remembering that, however complex life gets, we live in an extraordinary place with unique and wondrous ways of doing things.

"We have hardly been alone. The people of Haleiwa welcomed our first Weinberg Village for 50 families, and Oceanic Properties is building it. With help from AMFAC, we expect to break ground on our village in Waianae for another 60 families this month. Villages in Malaekahana and Ewa should follow shortly.

"Through the Shelters-Without-Walls Program, the community of Hawaii Kai is already housing 51 families and Waimanalo has found shelter for another 40 families.

"Let me relate an incident to you that numbers don't cover. Last December, we were able to help a Sand

Island couple move into a house for the first time in six years. Their four young children, who had literally been born and raised on the beach, were happy beyond words. Human service providers were moved to tears as they watched the children on their hands and knees touching the carpet and staring in wonder at the stove -- things we all take for granted. The family was overwhelmed by the love shown by their neighbors.

"That's what our homeless program has been all about. And so I say to you, the City Council, the churches, the Weinberg Foundation, a host of government agencies and the good people of Hawaii, we have made a good start, and we will carry on. Thank you for your support.

"The homeless debate has legitimately raised questions about rental shortages.

"From 1980 to 1990, the average monthly rent for a single-family home on Oahu increased from \$660 to about \$1560 -- an increase of 137 percent. At the same time, rental vacancy rates have dropped as low as 1 percent and demand is continuing to outstrip supply.

"Therefore, I am proposing that the state increase its assistance to the three 'players' capable of increasing our inventory of affordable rentals--government, the non-profit community, and private developers.

"In the past, the federal government provided substantial grants to states to construct and maintain rental housing. This is no longer the case. In addition, changes to the federal tax laws have reduced the incentive to invest in rental housing. Therefore, we must fill that vacuum with direct subsidies and look for other ways to make investments in rental housing attractive.

"I propose an additional \$63 million in direct subsidies, which combined with other forms of assistance will provide over 2700 units in the next two years.

"Too often, military and civilian residents are competing for the same rental units. Thus far, the federal government has not been as successful as it would like in getting the private sector to develop units on federal land. To relieve the competition, I will submit a bill to allow HFDC to participate in Section 802 housing construction of rental units on federally controlled lands.

"I also ask your support in encouraging the federal government to continue the low-income housing tax credit which is scheduled to expire in six months. This tax credit, along with the state's tax credit which you approved three years ago, has resulted in 461 private units with another 175 more units scheduled for the upcoming year.

"Though few in number, and hampered by a lack of resources, the non-profit community plays an important role in providing housing, especially for those citizens who need the most assistance. And as Representative Virginia Isbell and her Housing Committee have so aptly pointed out, their efforts can be strengthened by the establishment of a Rental Housing Trust Fund. Thus, I propose we appropriate \$5 million from the general fund for 'seed money,' then dedicate the income from the conveyance tax to this fund as a permanent source for grants and loans to build, preserve and rehabilitate affordable rental units.

"Interim construction financing is critical to a project's start-up, yet is difficult to obtain at reasonable rates. Therefore, I propose that we restructure the state's rental assistance program to free up approximately \$50 million now obligated, and use that sum to leverage, or 'blend' with the proceeds of revenue bonds to establish a \$100

million Rental Housing Interim Financing Revolving Fund. The fund will provide low interest interim construction financing to developers, non-profit organizations and governmental agencies for the building of affordable rentals.

"Until supply catches up with demand, rental prices will continue to be high. To provide immediate relief, I propose an increase in the renters' tax credit, from \$50 to \$85 per qualified resident.

"With both rents and the cost of housing rising dramatically in recent years, a highly speculative market only adds fuel to the fire. Consequently, I again ask you to support an anti-speculation tax.

"In 1988, we launched a private and public sector initiative to build affordable homes across the state. We set a dual-sector goal of 61,000 affordable units by the year 2000. In the last five years, the state Land Use Commission has opened up 12,615 acres of land for housing, representing over 51,000 homes, nearly 30,000 of which are affordable.

"If we were to break ground on all of those projects today, we would be half way to our goals. If we were to break ground, we would have homes for 51,000 families. If we were to break ground, we would have nearly 30,000 homes to fill our affordable housing needs. If we were to break ground, we would provide not only homes, but jobs for our construction workers.

"Well, where are the houses you ask, and so do our families. Tied up in 'processing' and 'financing', we are told. Yet, what we all know is that you cannot build houses with excuses. Let's build them with action.

"First, to make even more land available for housing, today I announce that as a part of the five-year boundary review process, we plan to open up an additional 5000 acres statewide in areas where infrastructure construction will be the easiest.

"Second, I propose time-is-money legislation which will require an even more expedited approval process of 60 days at the state Land Use Commission for private sector affordable housing projects. The legislation will also propose expedited processing at the county level, with the goal of 60-day processing unless the counties adopt their own fast-track processing.

"Third, while permanent mortgage financing is readily available at reasonable rates, interim construction financing is not. It's time to break the log jam. Today we can do it, for I have received commitments from the Bank of Hawaii, First Hawaiian Bank (in alphabetical order), and the State Employees' Retirement System to provide funds for interim construction financing for private projects. Together, they will leverage a hefty \$300 million to stimulate immediate development.

"Fourth, we need to stimulate quick starts by developers and to reduce purchase prices, I propose that an excise tax exemption be given to the builders of the first 10,000 new affordable homes constructed by December 31, 1993.

"Fifth, we recognize that our 60 percent affordable housing formula depended on a robust market for high end homes. To adjust to today's market, we will temporarily offer greater flexibility to implement the policy. We have met with members of the Land Use Research Foundation -- the developers' representatives -- and others, reaching a consensus on several options to meet our requirements.

"Finally, private developers have told me that the necessary ingredients for a successful rental housing program are land, infrastructure, financing, and processing; and, because there are few things I like more than a good challenge, let me make one. Today, I offer to any developer an excellent three-acre parcel of land -- the former Pohukaina School site -- with all the infrastructure. And since it is in Kakaako, I can guarantee you quick processing and access to all our financing tools. Your job is to build good, reasonably priced rental housing on it. The only requirement is that first preference for tenants will be families referred by the Hawaiian Homes program. That's the challenge. Show me your stuff. Thank you, Representative Hagino, for the idea.

"Last year, I submitted to you an action plan to resolve controversies relating to the Hawaiian Home Lands Trust. We knew that the plan would be the beginning of action, not the resolution itself. Now, with your help, we are in the midst of taking unprecedented steps that will shape the future of the Hawaiian Home Lands program.

"For example, last year, I established a task force to resolve land claims, to clear title and to propose compensation for wrongful or improper withdrawals, transfers, takings or uses of the Hawaiian Home Lands Trust.

"The first proposal will be submitted to you this session. We propose a back rent payment of \$12 million. This will cover the land claims that have been verified so far. Obviously, the task force will continue its work until all compensation due has been paid. Our proposal seeks authorization to exchange lands. Hawaiian Home Lands needs to receive lands that are more easily developed for its beneficiaries -- buildable lands for actual houses now.

"Further, more resources are needed if we are going to place native Hawaiians on their own homesteads. Accordingly, I am requesting an additional \$25 million of capital improvement funds, for a total of \$38 million in fiscal year 1993. This will make available over 1000 homes and lots, including 400 homes at the Keystone development in Nanakuli. Also, I am asking the state Land Use Commission and HFDC to promote Hawaiian Home Lands as an offsite option to fulfill affordable housing requirements.

"Finally, taking care of past wrongs is an important obligation, not only on the part of the state, but of the federal government as well. It is disturbing, and dangerous, that in addition to blocking every effort made by our congressional delegation to assist native Hawaiians, federal officials are now denying that they had any trust responsibility prior to statehood.

"We have catalogued the wrongs committed by the federal government under its watch, and they are grievous and undeniable. Most of the land claims we labor to address today were committed prior to 1959. Other wrongs continue to this very day. Two examples are the permanent reservation of trust lands without any compensation or land exchange at Lualualei, and the discriminatory denial of federal dollars to Hawaiian Home Lands that are available to every other public housing agency. I have directed the Office of State Planning and the Attorney General to do whatever is necessary to finally hold the federal government accountable for these claims.

"While we are on the subject of federal responsibility, it is important for us to remember that this trust was established in 1921 by federal law. Now, 71 years later, I have a message for the folks back in Washington: It's time to get serious about what you started. In 1983 the federal/state task force ordered by the U.S. Department of

the Interior recommended that the federal government and the state each provide \$125 million to Hawaiian Homes. Well, here in Hawaii, although it has been difficult at times, we have invested over \$167 million and are working on more. Mr. Federal Government, where is your share? It is now past time to stop finger pointing from the sidelines and do what is right. Match or better us, dollar for dollar for native Hawaiians on Hawaiian lands.

"The preservation of our environment compels action from everyone immediately, because time is not on our side. That is why we teamed up with the federal government and Nature Conservancy to produce 'Hawaii's Extinction Crisis.' It is our call to action and makes everyone a steward of the land.

"In the past, we joined together with communities across this state to preserve our natural heritage: the Heeiea wetlands, Mount Olomana, the Honokahua burial grounds, the West Hawaii coastal wilderness, Makena Beach, the waterfront park, Kahoolawe, and our mauka watersheds, to name a few.

"Today, as stewards, we expand our call to action.

"Last year, you enacted laws for natural area partnership and forest stewardship programs which made it possible for private landholders and the state to jointly manage important private reserves. As a result of your action, we now have three new agreements to protect dryland and tropical rainforests. Because of this success, I am requesting \$500 thousand on top of \$300 thousand already appropriated for next year to expand this program to other unique habitats.

"In addition, I believe that protection of these private lands, as well as our state natural area reserves, should have a reliable source of funding. Therefore, I will submit for your consideration a bill for the permanent funding of up to \$4 million annually for these programs. Appropriately, the source of these funds will be revenues generated from leases of state lands.

"Also, I ask your support for an additional \$600 thousand this year to halt the invasion of non-native plants and animals into our natural reserves.

"We must expand our vision of stewardship. Let me illustrate: The 'Kokia Cookei' became extinct in its natural home on Molokai. All that was left was a cutting which had been grafted to a related plant on Oahu. To me, that is as near to total annihilation as a living thing can come. From this one graft came many, and with extraordinary pride we brought it home to Molokai and replanted it. Really, a miracle when you think about it.

"Last Friday, I visited the Lyon Arboretum in Manoa. It is an Eden in our urban backyard. There I saw a tissue bank where slivers of rare and endangered plants are preserved for future propagation. I can think of no venture more important than banking such plants, while we work to protect and nurture them in the wild. To do this I request an additional \$500 thousand, for tomorrow's miracles.

"We all know that Hawaii is a center of nature's creativity. Now we must make it a center of conservation research and training. I ask you to support the University of Hawaii's supplemental request for conservation biology, research and training. I know what scientists and citizens can do when they put their heads and hands together to solve problems to protect the environment. Let us learn how to replenish our lands, protect them from non-native species and then teach the

world. Let us make our university a leader in the science of biological conservation.

"Conservation and community education go hand in hand. I ask you to support a special \$1.4 million 'Aina Hoomalu' interpretive program for parks of distinction where residents can go to get in touch with what is really important.

"Even God's greatest creatures need our help. As you know, last week under my direction, the Attorney General sought and received a temporary restraining order to protect the state mammal, the Humpback whale, from vessels which disturb its migration through our waters. Make no mistake. Habitats on land and sea must be protected and will be protected by this administration.

"I have a theory about the people of Hawaii. It may have something to do with our distance from everyone else and our closeness to one another. We are not, and never have been, a people to get caught up in the malaise of the times.

"I was reminded of this by Gladys Brandt, who spoke at Hawaii Remembrance Day during the Pearl Harbor Commemoration. As only someone with her grace and candor could do, she reflected that the people of Hawaii, unlike most of the United States, did not react with mistrust and suspicion for each other during World War II, even though the war came into our homes. 'With few exceptions,' she said, 'we affirmed our belief in the bond of community.'

"That message from the very hard times of the '40s applies to us today. Make no mistake. So much has changed. These are the '90s: the days of empowerment, not paternalization; the days of supply-side management not demand-side marketing; but this is still a time everybody knows nobody can do it alone.

"For all the diverse and conflicting opinions in this room, we are bound by that principle -- by that bond of community -- and we must put it to work. It's a cliché when you say it, but it works when you do it.

"Let us not get trapped in the vise between doom and gloom. At a moment when the world seems to care less, let us care more; let us come together with our neighbors, provide for our families, build for our children and believe in our dreams.

"It is our tradition. It is our future.

"Thank you."

Senate President Richard Wong then rose and stated:

"Governor Waihee, thank you very much for sharing with us some of your views. I have been in this building for a little while and I have heard a lot of state of the state speeches. This is probably the longest, but I must say in all honesty, one of the more significant. It has been a very moving kind of experience for people who have been around this building for any length of time. Thank you.

"In a brief hour and twenty minutes, you have gone over the gamut of what is most important to Hawaii, namely, your mention of the family, about the health of the people of this state, about the shelter for the people of this state, and about the educational needs for our young people for Hawaii's future.

"I think you said it very uniquely ... citing someone who said it a long time ago, that a government or its leaders will be judged by their caring about the least

members in their midsts, in terms of providing for themselves. Certainly, your agenda, ambitious as it is, will demand our attention.

"Again, Governor Waihee, I want to take this opportunity to thank you for a most moving speech. We here in Hawaii are truly unique and, hopefully, we will be able to take care of our own. Won't we, Malama?

"If there be no further business by the members of this Joint Session, I declare this Joint Session adjourned."

At 11:15 o'clock a.m., the President declared the Joint Session adjourned.

#### ADJOURNMENT

At 11:30 o'clock a.m., on motion by Senator Solomon, seconded by Senator Fernandes Salling and carried, the Senate adjourned until 11:30 o'clock a.m., Wednesday, January 22, 1992.