

FOURTH DAY

Monday, January 26, 1998

The Senate of the Nineteenth Legislature of the State of Hawaii, Regular Session of 1998, convened at 9:37 o'clock a.m. with the President in the Chair.

The Divine Blessing was invoked by the Rev. Dr. Marc R. Alexander, STD, Executive Director, Hawaii Catholic Conference, after which the Roll was called showing all Senators present.

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

SENATE CONCURRENT RESOLUTIONS

The following concurrent resolutions (S.C.R. Nos. 19 and 20) were read by the Clerk and were deferred:

Senate Concurrent Resolution

No. 19 "SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO ASSESS THE SOCIAL AND FINANCIAL EFFECTS OF REQUIRING HEALTH INSURERS TO OFFER COVERAGE FOR MEDICAL FOODS FOR THE TREATMENT OF INHERITED METABOLIC DISEASES."

Offered by: Senators Taniguchi, Ige, D., Levin, Metcalf.

No. 20 "SENATE CONCURRENT RESOLUTION REQUESTING A MANAGEMENT AND FINANCIAL AUDIT OF THE SCHOOL-TO-WORK OPPORTUNITIES SYSTEM."

Offered by: Senators Kanno, Aki, Anderson, Baker, Bunda, Chumbley, Chun Oakland, Fernandes Salling, Fukunaga, Ige, D., Ige, M., Ihara, Iwase, Kawamoto, Levin, Matsunaga, McCartney, Metcalf, Mizuguchi, Sakamoto, Solomon, Tam, Taniguchi.

ORDER OF THE DAY

REFERRAL OF SENATE BILLS

The President made the following committee assignments of bills introduced on Thursday, January 22, and Friday, January 23, 1998:

Senate Bills Referred to:

No. 2244 Committee on Human Resources, then to the Committee on Commerce, Consumer Protection, and Information Technology

No. 2245 Committee on Health and Environment, then to the Committee on Ways and Means

No. 2246 Committee on Human Resources, then to the Committee on Judiciary

No. 2247 Committee on Education, then to the Committee on Judiciary

No. 2248 Committee on Health and Environment, then to the Committee on Ways and Means

No. 2249 Committee on Judiciary

No. 2250 Committee on Judiciary

No. 2251 Committee on Judiciary

No. 2252 Committee on Judiciary

No. 2253 Committee on Judiciary

No. 2254 Committee on Judiciary, then to the Committee on Ways and Means

No. 2255 Committee on Transportation and Intergovernmental Affairs, then to the Committee on Judiciary

No. 2256 Committee on Transportation and Intergovernmental Affairs

No. 2257 Jointly to the Committee on Water, Land, and Hawaiian Affairs and the Committee on Transportation and Intergovernmental Affairs

No. 2258 Committee on Health and Environment, then to the Committee on Ways and Means

No. 2259 Committee on Ways and Means

No. 2260 Committee on Ways and Means

No. 2261 Committee on Commerce, Consumer Protection, and Information Technology, then to the Committee on Ways and Means

No. 2262 Committee on Human Resources, then to the Committee on Ways and Means

No. 2263 Committee on Human Resources, then to the Committee on Ways and Means

No. 2264 Committee on Judiciary, then to the Committee on Ways and Means

No. 2265 Committee on Education, then to the Committee on Ways and Means

No. 2266 Committee on Human Resources, then to the Committee on Ways and Means

No. 2267 Committee on Human Resources, then to the Committee on Ways and Means

No. 2268 Committee on Ways and Means

No. 2269 Committee on Human Resources, then to the Committee on Ways and Means

No. 2270 Committee on Health and Environment, then to the Committee on Judiciary

No. 2271 Committee on Judiciary

No. 2272 Jointly to the Committee on Economic Development and the Committee on Transportation and Intergovernmental Affairs, then to the Committee on Ways and Means

No. 2273 Committee on Education, then to the Committee on Ways and Means

No. 2274 Committee on Education, then to the Committee on Ways and Means

No. 2275 Committee on Judiciary, then to the Committee on Ways and Means

No. 2276 Committee on Education

No. 2277 Committee on Education

No. 2278	Committee on Education	No. 2305	Committee on Education, then to the Committee on Ways and Means
No. 2279	Committee on Education	No. 2306	Committee on Economic Development, then to the Committee on Water, Land, and Hawaiian Affairs
No. 2280 and Housing	Committee on Government Operations	No. 2307	Committee on Government Operations and Housing, then to the Committee on Ways and Means
No. 2281 and Housing	Committee on Government Operations	<b>REFERRAL OF SENATE CONCURRENT RESOLUTIONS</b>	
No. 2282	Committee on Transportation and Intergovernmental Affairs	The President made the following committee assignments of concurrent resolutions that were offered on Thursday, January 22, and Friday, January 23, 1998:	
No. 2283 and Housing	Committee on Government Operations	Senate Concurrent Resolution	Referred to:
No. 2284 Affairs	Committee on Water, Land, and Hawaiian Affairs	No. 2	Committee on Education, then to the Committee on Ways and Means
No. 2285 Affairs	Committee on Water, Land, and Hawaiian Affairs	No. 3	Committee on Education, then to the Committee on Ways and Means
No. 2286 Affairs	Committee on Water, Land, and Hawaiian Affairs	No. 4	Committee on Judiciary, then to the Committee on Ways and Means
No. 2287	Committee on Transportation and Intergovernmental Affairs	No. 5	Committee on Commerce, Consumer Protection, and Information Technology, then to the Committee on Ways and Means
No. 2288	Committee on Economic Development, then to the Committee on Ways and Means	No. 6	Committee on Economic Development, then to the Committee on Ways and Means
No. 2289	Committee on Human Resources	No. 7	Committee on Education, then to the Committee on Ways and Means
No. 2290	Committee on Commerce, Consumer Protection, and Information Technology	No. 8	Jointly to the Committee on Education and the Committee on Human Resources, then to the Committee on Ways and Means
No. 2291 Affairs	Committee on Water, Land, and Hawaiian Affairs	No. 9	Committee on Economic Development, then to the Committee on Ways and Means
No. 2292	Committee on Ways and Means	No. 10	Committee on Education, then to the Committee on Ways and Means
No. 2293	Committee on Ways and Means	No. 11	Committee on Economic Development, then to the Committee on Ways and Means
No. 2294	Committee on Ways and Means	No. 12	Committee on Transportation and Intergovernmental Affairs, then to the Committee on Ways and Means
No. 2295	Committee on Ways and Means	No. 13	Committee on Transportation and Intergovernmental Affairs, then to the Committee on Judiciary
No. 2296	Committee on Commerce, Consumer Protection, and Information Technology, then to the Committee on Judiciary	No. 14	Committee on Commerce, Consumer Protection, and Information Technology, then to the Committee on Judiciary
No. 2297	Jointly to the Committee on Health and Environment and the Committee on Human Resources, then to the Committee on Commerce, Consumer Protection, and Information Technology	No. 15	Committee on Education, then to the Committee on Ways and Means
No. 2298	Committee on Commerce, Consumer Protection, and Information Technology	No. 16	Committee on Commerce, Consumer Protection, and Information Technology, then to the Committee on Ways and Means
No. 2299	Committee on Commerce, Consumer Protection, and Information Technology	No. 17	Committee on Transportation and Intergovernmental Affairs, then to the Committee on Ways and Means
No. 2300	Committee on Health and Environment	No. 18	Committee on Human Resources, then to the Committee on Ways and Means
No. 2301	Committee on Health and Environment, then to the Committee on Judiciary		
No. 2302	Committee on Health and Environment, then to the Committee on Ways and Means		
No. 2303	Committee on Ways and Means		
No. 2304	Committee on Economic Development, then to the Committee on Water, Land, and Hawaiian Affairs		

## REFERRAL OF SENATE RESOLUTIONS

The President made the following committee assignments of resolutions that were offered on Thursday, January 22, and Friday, January 23, 1998:

Senate Resolution	Referred to:
No. 1	Committee on Education, then to the Committee on Ways and Means
No. 2	Committee on Education, then to the Committee on Ways and Means
No. 3	Committee on Education, then to the Committee on Ways and Means
No. 4	Committee on Commerce, Consumer Protection, and Information Technology, then to the Committee on Ways and Means

At 9:42 o'clock a.m., on motion by Senator Ihara, seconded by Senator Slom 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 of the Nineteenth Legislature of the State of Hawaii, Regular Session of 1998, was called to order at 10:08 o'clock a.m. by the Honorable Joseph Souki, Speaker of the House of Representatives.

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

The First Lady of the State of Hawaii, Mrs. Vicky Cayetano. She was presented a lei by Senator Kawamoto;

The Honorable Mazie Hirono, Lieutenant Governor of Hawaii. She was presented a lei by Representative Nestor Garcia;

The Honorable Ronald T.Y. Moon, Chief Justice, Hawaii State Supreme Court. He was presented a lei by Representative Hermina Morita;

The Honorable Jeremy Harris, Mayor of the City and County of Honolulu;

County executive and legislative leaders;

Rear Admiral Perry Ratliff, Director of Intelligence, U.S. Pacific Command.

The Speaker then appointed Senators Andrew Levin, Les Ihara, Jr., Mike McCartney and Whitney Anderson, on behalf of the Senate, and Representatives Paul Oshiro, Tom Okamura, Marcus Oshiro and Quentin Kawanakoa, on behalf of the House of Representatives, to escort the Honorable Benjamin J. Cayetano, Governor of the State of Hawaii, to the rostrum.

Senator Rosalyn H. Baker and Representative Bertha Kawakami presented Governor Cayetano with maile and ilima leis.

The Speaker then presented to the members of the Nineteenth Legislature and guests the Honorable Benjamin J. Cayetano, Governor of the State of Hawaii.

The Governor addressed the Joint Session as follows:

"President Mizuguchi, Speaker Souki, Chief Justice Moon, Lieutenant Governor Hirono, members of the Nineteenth Legislature, Mayor Harris, members of the Consular Corps, members of the County Councils, honored guests, ladies and gentlemen -- good morning and aloha.

"I thank you for the warm welcome that you gave to Vicky. We truly appreciate the warmth that you have expressed to us ever since we got married in May.

"Nineteen-ninety-seven has been a wonderful year for me. In 1997, I married a wonderful woman. I was also rescued by paramedics. And our state experienced a seventh year of economic problems. Otherwise, my year was no different than most.

"We're all trying to make our lives better. Do our jobs well. Pay the bills. Take care of our families, and find room for simple pleasures.

"We don't have to tell the people of our state about tough economic times. They know that we are in stormy waters. In my first state of the state speech, I said the state's budget problems were unprecedented. Now we know we are dealing with an even more challenging and complex set of issues.

"I want to suggest that these issues, taken together, constitute the beginning of a new era. Take a look back to the economic and political turmoil that followed World War II. Then, we struggled to adjust to change and become full participants in the national economy. Now, we are also struggling, this time, to become full participants in the global economy.

"For all our difficulties, I suggest that something extraordinary is happening. I believe that as a community, we have been through enough to see what it is that we must do. We can see that outline of this new era. And if we can see where we must go, then we have reason to proceed with hope of success.

"Like the ancient Hawaiians, we know we cannot control the storm but we can control our boat, and where and how we steer it.

"We know that doing the right thing is seldom easy. We know we are in this together. We know that government alone cannot solve all of our problems. Make no doubt about it. We are engaged in a total community effort.

"What lies ahead may be the most difficult challenge our state has ever faced. But I have faith in the good judgment of our people. If we speak candidly, they will respond, because they know it's better to take action than to do nothing.

"Before I talk about the future, I want to thank you. By working together, this administration and this legislature have already demonstrated a capacity for getting done what must be done.

- We've reduced workers' compensation rates by more than 37 percent in two years, saving employers about \$100 million.
- We've reduced auto insurance rates from 25 to 35 percent, which will save the individual driver anywhere from a \$100 to nearly a \$1,000.
- We've already built four new schools, five more are under construction, and two are being designed. And we've cut in half the time it takes to build them.
- We built the world-class Hawaii Convention Center, on time and on budget.

- In the past four months, we've pushed out \$335 million in much-needed public works; and that's just the beginning of an effort that will create more than 10,000 jobs.
- Finally, the state has gotten slimmer. We've reduced the growth of government from 8 percent a year to less than the rate of inflation, or about 1.6 percent. In 1994, state operating expenditures represented 17.5 percent of the Gross State Product. We've cut that figure down to 13.5 percent in 1997.

"And our state workers are doing far more with less. Today, this morning, we have two remarkably dedicated state workers who are good examples of what I'm talking about.

"Fiatele Bell is the state employee of the year. Fiatele is a custodian supervisor at Dole Intermediate School, and she always goes that extra mile. She's created a school garden to enhance learning and involved community members in the process. John Moses is a maintenance supervisor at Hilo Harbor. Not only is he a great worker, John hasn't taken a day of sick leave for the past 30 years. Ladies and gentlemen, I want to introduce John Moses and Fiatele Bell, please stand. (Ms. Bell and Mr. Moses rose to be recognized.) John and Fiatele, we all thank you for being such great public servants.

"We know we can tackle tough problems. But problems keep coming at us.

"We're entering now, our eighth year of a nearly flat economy. Since 1990, we've lost 12,000 construction jobs. Six plantations have closed. Too many businesses are failing. And our tax base is flat. We became accustomed to the long post-statehood economic boom. Between 1970 and 1990, we grew between 4 to 6 percent every year compared to less than 3 percent for the mainland. On average, more money was invested in Hawaii than across the mainland. Outside investment in Hawaii created so many new jobs that half of them were filled by in-migration.

"As the economy grew, so did government. But during the last seven years, this investment-driven growth has come to a virtual stop. We therefore must turn to becoming more productive. On the mainland our sister states worked themselves out of severe economic recessions by doing just that. And that is what we must do.

"We cannot control events in Asia or on the U.S. mainland, but we can help ourselves become more productive. Productivity means creating an environment in which businesses will succeed. Productivity means using technology so that our products and services can compete with anyone's. It means providing an education that fuels initiative and innovation.

"To restructure the economy and improve productivity, the President, the Speaker, and I formed the Economic Revitalization Task Force.

"We propose to more than double the state's commitment to marketing Hawaii's tourist industry by earmarking 3 percent of the hotel room tax. That's about \$60 million a year, up from 25, to get our name out there and to compete.

"We also proposed major changes to our tax system. Our tax package sought to accomplish three things:

- First, to provide Hawaii's residents with the biggest tax cut in the state's history;
- Second, to reduce our income tax rates so that Hawaii can compete with other states for new jobs and investment; and

- Third, to reduce the pyramiding of our excise tax to lower costs for businesses in Hawaii.

"The combined effect of these recommendations would have resulted in a 20 percent reduction in general fund revenues. Such a huge cut would cripple our ability to provide essential services to our people. To replace a portion of our revenues, we recommended that the gross excise tax be increased to enable us to export about 25 percent of our general excise tax burden to nonresidents.

"Under the tax package, virtually every resident who works and pays taxes will benefit from these reforms. Even poor people, with no income, will benefit. As a result, we believe businesses will invest in Hawaii and create more jobs.

"The package seeks to shift government spending to private spending. It will put dollars directly into the hands of consumers and investors.

"Hawaii Business Magazine recently labeled this package 'dead on arrival.' If that is true, then our economy will be dead in the water. We cannot allow that to happen! We must focus on getting the job done.

"Economic recovery is a work in progress. We've had a lot of input. We've heard reactions. We've held town meetings. Now the discussion must come to fruition.

"Let me state clearly here today that my administration will work with you and the public to make this a better package.

"I understand the concerns about the increase in the general excise tax, but if there are fairness questions, let's work them out. If the proposed tax changes fall unfairly on any particular group, let us make adjustments. Because that is what the legislative process is all about.

"Critics of the tax package would have us believe that this was the work of an elitist group. Far from it, 150 people from all walks of life volunteered their time and expertise to develop the package. And, whether one agrees with the recommendations or not, these citizens deserve our thanks, rather than our criticism. I want to thank them here, this morning and today.

"Respected organizations such as the Business Round Table, the Chamber of Commerce, the Retail Merchants Association, the Building Industry Association, the Construction Industry Legislative Organization along with 19 labor unions, came forward to support the package. Each one of these organizations represents the faces of people who have lost their jobs over the past seven years. Every one of them has a concern about the Task Force's package -- but everyone agrees that the package is the best starting point yet proposed for getting our economy going.

"Bud Smyser is one of our most respected newspaper columnists. He happens to be a Republican I suppose, but that's okay. In his column in the Honolulu Star-Bulletin, Bud Smyser, supporting the package, cautioned against allowing our emotions to overcome our reason. But he put everything in perspective when he wrote that the most burdensome tax on the poor, is a poor economy.

"Let me be very blunt. Things are not going to change unless we take decisive action now.

"This year we will be able to manage the budget, but you and I know that a cloud hangs over the coming biennium. The projection now is for a shortfall of \$280 million in the first year and \$240 million in the second. My friends, we must turn things around.

"Up to this point, we've been trimming budgets to cope with the loss of revenue. Well there isn't much left to trim, so now

we must restructure. We must change not only the size but the shape of government. Members of the legislature, more than anything else under your control, the restructuring of government can contribute to revitalizing our economy.

"This is a case where we know what needs to be done and we must do it. We must set a standard of evaluating government by how it serves the public, as opposed to how government serves itself. Our services need to be more accessible and require less run-around. We must consolidate departments.

"I will present, for your consideration, a proposal to consolidate three departments -- Accounting and General Services, Human Resources, and Budget and Finance -- into two departments.

"In addition, we have departments devoted to developing and regulating business. Counting agriculture, we have three departments involved in business. Therefore, I will propose consolidations in this area as well. Next week, I will send you a message that will list the state agencies and programs that we propose to eliminate.

"You may be surprised to learn that \$450 million of our current budget goes to privatization. Let me assure you, we will continue to pursue privatization where it is appropriate.

"For example, I am proposing a 2,300-bed prison to be located on the Island of Hawaii at Ka'u. This prison will be built with private funds and possibly managed by a private firm. Today, we spend \$79 per day for every prisoner. With this new program, the cost will be about \$50 per day, saving \$23 million a year. Besides meeting our need for more prison beds, the new prison will create hundreds of new construction jobs to build it and hundreds more to run it. It will be a great boost to the Big Island's lagging economy.

"Our proposal to eliminate the State Land Use Commission has attracted a lot of criticism. It's evident to me that there is a widespread community feeling out there that the Land Use Commission is a protection against the wrong types of decisions. But if we are not going to eliminate the Commission, we must acknowledge that there are legitimate complaints of inefficiency and duplication of function with the counties. And therefore, I call on all of those who have opposed elimination of the Land Use Commission to join us in finding reforms that will lead to greater efficiency.

"Government reform is hard -- it's hard work -- but it pays off.

"For example, in welfare reform, nearly 7,000 recipients now are working, a figure which is double that of last year. Last week, for example, 18 welfare recipients went to work for AT&T in good jobs with good futures. Despite our economic problems, we have already exceeded the federal reform standard for welfare recipients returning to work.

"The federal government has ranked our Department of Human Services first in the country for accuracy in paying Aid-to-Families-with-Dependent-Children, and second in managing the Food Stamp Program -- and this has been for three straight years. And I want to thank the department's hardworking employees, who, like all state workers, have done more with less.

"When I became governor three years ago, I took a long look ahead and set priorities. I set my sights on three areas. The first was exploiting the potentials of telecommunications. The second was what we call, broadly, quality of life. The third is the role education must play for our children in the future.

"Hawaii's relatively isolated location in the middle of the Pacific underscores the importance of a first-rate, state of the art telecommunications system. Without it, Hawaii's ability to grow as a hub for business, culture and education would be

greatly limited. Three years ago, we embraced deregulation -- we, you and I -- and the development of our telecommunication infrastructure and industry has been truly remarkable.

"We've gone from having only one wire-based monopoly to having nine major competitors. Moreover, more than 100 small vendors have been created, representing more than \$1 billion in investment.

"Today, Hawaii has more fiber optic cable per mile than any state in the nation. By September, Hawaii will be one of only five states with all-digital switching.

"The University of Hawaii has become a national leader in distance learning. And more than ever, the dream of the Western Governors' (Virtual) University stands to become a reality.

"The importance of telecommunications was highlighted two weeks ago when a timely exchange of medical information between Maui and Oahu saved the life of a prominent citizen, 'Pundy' Yokouchi.

"Also two weeks ago, Hawaii took a huge step forward when the Weinberg Foundation gave our hospitals a \$10 million grant for the purchase of telemedicine equipment. This grant will establish a telemedicine network, which will link all of our hospitals and clinics. It will allow the sharing of important medical services and resources throughout the state. And it will add greatly to our vision of establishing Hawaii as the premier healthcare center of the Pacific. When completed, this exciting network will be the first in the nation. I will submit legislation to you this session to make this happen.

"Let me quote to you from an article in today's Advertiser from Richard Parsons, President of Time Warner Inc., which owns Oceanic Cable. This is what he said: 'Hawaii is the most aggressive in terms of uptake of new technology, so I think Hawaii can be a leader, not only in the use of new technology, but in showing the rest of the nation how it can be used.' My friends, we are showing, right now, the rest of the nation how to use technology here in this state.

"Last year, two NASA astronauts came to Hawaii. From their spacecraft, they reaffirmed what we know to be true here on earth -- that Hawaii is the most beautiful place in the world.

"Protecting our environment has been a top priority for my administration. Last session I asked you to increase the budget for our ocean and maritime programs. In spite of revenue shortfalls, you demonstrated your commitment by coming through with more funding.

"Early this year, we will acquire Ka Iwi Beach, on Oahu's eastern shore, settling that issue once and for all.

"Last year, consistent with Hawaii the ocean state, I approved a five-year, conditional agreement with the federal government to expand our whale sanctuaries throughout the state.

"And to protect Hawaii for future generations, we developed a Sustainability Plan, targeting the long-term management of key resources such as drinking water, open space, coral, fisheries, forests, and beaches.

"You've heard a lot about economic development today, but let me take this opportunity to reaffirm here and now, that we will not pursue economic growth which destroys the environment which has made Hawaii the most beautiful place in the world.

"As an ocean state, Hawaii's waterfront, harbors and shoreline are important and critical resources.

"We are transforming the Kakaako Makai District into a park-like environment. The Children's Museum and Performing Arts Center will be coming up soon. We're looking at plans for a Hawaiian Music and Culture Center, and we're looking at a plan for a new aquarium.

"I've directed my staff to work with investors on incorporating high-tech systems in all business construction in Kakaako. Our vision here is to create an atmosphere much like that of the Microsoft campus in Seattle. Research and development firms will work on the technologies of the 21st Century in the greatest setting in the world.

"But although we've made progress, our attempts to manage, enhance and protect these resources have been hampered by the fact that those responsibilities lie in four different state agencies.

"As a result, prime resources such as Keehi Lagoon, for example, suffered from overlapping jurisdictions, sometimes conflicting goals and a lack of an integrated, comprehensive strategy for our waterfront, harbors and shoreline.

"To resolve this problem, I will send you legislation, which will consolidate four existing state agencies -- DOT's Harbors Division, the Hawaii Community Development Authority, the Aloha Tower Development Corporation and the State Small Boat Harbor Program -- into one quasi-public body.

"This body, the Hawaii Maritime Authority, will be run by a board of directors empowered to develop and finance projects of long-term benefit to our state. Such authorities have worked well on the mainland and I believe it will be a great improvement over the existing system and, therefore, I ask for your utmost consideration of this proposal.

"Just as we have with telecommunications and the environment, we're taking the long view on the entire subject of education.

"We gave our teachers a much deserved pay raise

"For a long time I've known that Hawaii students spend far less time in the classroom than their mainland counterparts. For example, when you add up the hours, students in Iowa spend twenty more days in the classroom than our students in the course of a school year.

"As a result, by the time a child in Hawaii gets to the ninth grade, that child will be a year behind the student in Iowa. Therefore, I was delighted when our teachers agreed to teach seven more days in schools. It was a step in the right direction, and I believe it will turn out to be our most significant education reform of the decade.

"Many proposals of the Economic Revitalization Task Force apply directly to our schools.

"We propose a private-public partnership that will enable all 8th grade students to be computer literate by the year 2000. Toward this end, the business people on the Task Force pledged to raise \$10 million for a computer fund to put 10,000 more computers in our schools.

"We also propose to decentralize our public school system by establishing four county boards of education appointed by the governor. We want the schools to be more accountable to the surrounding community, and we want parents and communities to take more responsibility for the education of their children.

"We propose to make the University of Hawaii a quasi-public institution, virtually a fourth branch of government. We want the university to become more entrepreneurial, of course, and to become a leading contributor to the growth of our economy. But most of all we want the university to have the freedom to become one of the great universities of the Pacific.

"The slogan, 'Think local, act global' has special meaning for us. Precisely because we cannot control external events in this global era, we must return again and again to what we can do for ourselves.

"People already work hard. We can't say to someone working two jobs, 'Work harder.' But we can set strategies as a community and work smarter.

"The stress and challenge of this new age falls not only on government employees but those in the private sector as well. Therefore, I want to salute the thousands of people in the private sector who have dedicated themselves to doing a better job and becoming more productive.

"For example, at the Kaanapali Beach hotel on Maui, everyone from custodians to the activity director studies Hawaiian culture, and all contribute to the whole with phenomenal results. Their losses to workers' compensation are 87 percent below the industry average, and the hotel's occupancy rate is 22 percent higher than the Maui average. The Kaanapali Beach Hotel just received recognition as one of the two best values among hotels in the entire world. Of course, the General Manager of this hotel just happens to be one of your colleagues, Representative Mike White.

"Over in Kalihi, the International Brotherhood of Electrical Workers Local 1186 is building on a long tradition of training programs sponsored jointly by the electrical contractors. They not only study blueprints for wiring, but blueprints for the most efficient approaches to work, such as critical path and minimizing rework as defined by Edward Deming. These are examples of creating our future, and it's something that must happen every day.

"Rather than look to one big solution, such as a new industry, we must take hope from a wide range of opportunities.

"I have hope when I hear that our new high-tech firms -- Square USA, Uniden and Buzzeo Inc. -- are hiring many of their new employees from the University of Hawaii's School of Engineering.

"I have hope when, despite our difficult economic times, national institutions continue to rank Hawaii as the healthiest state in the nation and one of the 10 best for working mothers and families.

"I have hope when I'm informed that we have 40 advance bookings for our new Convention Center.

"I have hope when I see our local farmers growing quality fruits and vegetables and selling all they can grow.

"I waived the airport landing fees for two years. And now I derive hope from the fact that Continental Airlines is launching new direct flights from New York and Houston to Honolulu. And United Airlines has renewed its direct flights to Kauai.

"During the summer of 1998, we will observe the 100th anniversary of America's annexation of Hawaii. Nineteen ninety-eight can be a year in which we advance the education process regarding the complex issues surrounding the history of Native Hawaiians. We can develop a greater shared understanding, and we can search for approaches to resolution.

"To those who are thinking, 'Enough! Let's wrap this all up,' I want to choose my words very carefully. I agree that resolving the status of Native Hawaiians is absolutely an overriding priority. But this process cannot be rushed.

"Discussion of annexing the nation of Hawaii began in the middle of the 19th Century. It was brought about in 1898 against the will of the vast majority of the Hawaiian people. Therefore, we cannot realistically hope to neatly wrap up all the

issues resulting from a hundred-plus years of history, after only a few years of discussion.

"Broadly based efforts are now under way within the Hawaiian community to develop a model for Hawaiian sovereignty. Today I urge the full spectrum of the Hawaiian community to join in this unique and historic undertaking.

"As governor, I do not possess the answer, nor should I. But as governor, I am steadfastly committed to a process that is full, that hears all opinions and educates all of our people. We should allow this process to take its course.

"The recovery of Hawaiian self-determination is not only an issue for Hawaii, but for America. As we pursue this process of education and dialogue, let all of us, Hawaiian and non-Hawaiian, work toward a common goal. Let us resolve that in the future we will all stand together, shoulder to shoulder, in Washington D.C., to advance a plan for Hawaiian sovereignty.

"I want to comment briefly on Kamehameha Schools/Bishop Estate. This dispute originated from the concerns of teachers, students, and alumni. It arose from a growing determination on the part of the school family to take responsibility for the institution they love.

"Recently, the news media finally got into focus that the quality of education and the performance of students at Kamehameha Schools has improved significantly. I salute all who contributed.

"I asked my Attorney General to conduct an investigation because of the seriousness of the allegations. This clearly is in the public interest. And I must tell you that we will perform our work with fairness, but with conviction, and with a keen awareness that Hawaiians are engaged in bringing new life to their own kuleana.

"Before I close, I want to say something simple and fundamental about the future. It comes from the vantage point of my privilege of serving as your governor.

"And that is this: We still have a tendency to look upward to some lofty authority, creating a demand that government solve all of society's ills. In terms of our history, I think we still suffer a bit from the heritage of territorial and plantation times. Jack Burns referred to it as a 'subtle' sense of inferiority.

"And in our family life, we sometimes fear that our children will move away when, in this day and age, we should be proud to equip them to compete and live anywhere. In the business world, we see that money generated in Hawaii too often is invested elsewhere, while outsiders continue to believe in Hawaii and invest here.

"My friends, we must believe in ourselves. We can do it. We have so much to offer the world, and all of us together are the answer.

"In 1974, I sat in this House as a freshman representative. (I had a different haircut then.) During my twenty-four years in public office, I've seen your predecessors rise again and again to meet the challenges of their time. In the process, past legislators and governors have helped build a Hawaii which became one of the great societies on the face of this earth.

"As we head into the 21st Century, how we meet the challenge we now face -- perhaps the most difficult since statehood -- will be the defining moment of leadership for all of us.

"We see where we must go, and what we must do. The choices are not easy, but they are clear.

"Winston Churchill once said, 'All my past life has been but a preparation for this hour.' My friends, we are prepared. Now is the hour. Let us seize it.

"Thank you very much. Aloha."

Senate President Norman Mizuguchi then rose and stated:

"Governor, thank you for sharing your thoughts and vision with us today.

"We agree with you that strong measures are needed -- and needed right now to get our economy moving again.

"I was privileged to work with you, the Speaker of the House, and the Economic Revitalization Task Force in recommending a comprehensive agenda for economic change that you mentioned today.

"Continuing in the spirit of collaboration and positive political engagement, we pledge to give your administration's proposals every consideration and our fullest attention.

"It will take political courage. And I am confident that this Legislature will do the right thing for all of our people.

"Governor, I'd like to again say mahalo for your thoughtful -- and most certainly challenging -- state-of-the-state address.

"If there is no further business by the members of the Senate and the House of Representatives, I now declare this Joint Session adjourned."

At 10:52 o'clock a.m., President Mizuguchi declared the Joint Session adjourned.

#### INTRODUCTION OF SENATE BILLS

On motion by Senator Ihara, seconded by Senator Slom and carried unanimously, the Clerk was authorized to receive bills for introduction prior to 4:30 o'clock p.m. In consequence thereof, the following bills passed First Reading by Title and were deferred:

Senate Bill

No. 2718 "A BILL FOR AN ACT PRIVATE COURT REPORTERS."

Introduced by: Senator Anderson.

No. 2719 "A BILL FOR AN ACT RELATING TO THE ESTABLISHMENT OF A PILOT PROGRAM OF THREE SCHOOLS, KINDERGARTEN THROUGH GRADE TWELVE, CONDUCTED IN THE HAWAIIAN LANGUAGE AT KEKAHA, KAUA'I, AND WAIMEA AND KEA'AU, HAWAI'I."

Introduced by: Senators Aki, Tam.

No. 2720 "A BILL FOR AN ACT RELATING TO THE CONSTRUCTION AND LEASE OF STATE PRISONS."

Introduced by: Senator Slom.

No. 2721 "A BILL FOR AN ACT RELATING TO AGRICULTURAL PRODUCT AND COMMODITY PROMOTION."

Introduced by: Senator Tanaka.

No. 2722 "A BILL FOR AN ACT RELATING TO INTERGOVERNMENTAL AGREEMENTS."

Introduced by: Senators Slom, Solomon.

No. 2723 "A BILL FOR AN ACT RELATING TO PRIVATELY FUNDED INDUSTRIAL HEMP RESEARCH TEST PLOTS."

Introduced by: Senator Slom.

No. 2724 "A BILL FOR AN ACT RELATING TO LABELING."

Introduced by: Senator Solomon.

No. 2725 "A BILL FOR AN ACT RELATING TO ALIEN AQUATIC ORGANISMS."

Introduced by: Senator Solomon.

No. 2726 "A BILL FOR AN ACT RELATING TO DISASTER RELIEF."

Introduced by: Senator Iwase.

No. 2727 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senator McCartney.

No. 2728 "A BILL FOR AN ACT RELATING TO CIVIL LIABILITY."

Introduced by: Senator McCartney.

No. 2729 "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE."

Introduced by: Senator McCartney.

No. 2730 "A BILL FOR AN ACT RELATING TO HEALTHCARE PROVIDER EXCHANGE PROGRAM."

Introduced by: Senator Levin.

No. 2731 "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL IMPACT STATEMENTS."

Introduced by: Senator Levin.

No. 2732 "A BILL FOR AN ACT RELATING TO THE OFFICE OF ENVIRONMENTAL QUALITY CONTROL."

Introduced by: Senator Levin.

No. 2733 "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL IMPACT STATEMENTS."

Introduced by: Senator Levin.

No. 2734 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE DEPARTMENT OF AGRICULTURE FOR PAPAYA INDUSTRY RESEARCH."

Introduced by: Senator Levin.

No. 2735 "A BILL FOR AN ACT RELATING TO HOLIDAYS."

Introduced by: Senator Baker.

No. 2736 "A BILL FOR AN ACT RELATING TO SEXUAL ASSAULT."

Introduced by: Senators Chumbley, Matsunaga, Bunda, McCartney.

No. 2737 "A BILL FOR AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR AN AGRICULTURE

WATER SYSTEM IN THE KA'U DISTRICT OF THE COUNTY OF HAWAII."

Introduced by: Senators Chumbley, Levin, Metcalf.

No. 2738 "A BILL FOR AN ACT RELATING TO STATE WARRANTS."

Introduced by: Senator Matsunaga.

No. 2739 "A BILL FOR AN ACT RELATING TO THE COLLECTION OF FINES."

Introduced by: Senators Matsunaga, Chumbley.

No. 2740 "A BILL FOR AN ACT RELATING TO TRUSTS."

Introduced by: Senator Matsunaga.

No. 2741 "A BILL FOR AN ACT RELATING TO NEGOTIABLE INSTRUMENTS."

Introduced by: Senator Matsunaga, by request.

No. 2742 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR EARLY EDUCATION AND CHILD CARE TUITION ASSISTANCE."

Introduced by: Senators Chun Oakland, Chumbley, Kanno, Matsunaga.

No. 2743 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR EARLY EDUCATION AND CHILD CARE."

Introduced by: Senators Chun Oakland, Chumbley, Kanno, Matsunaga.

No. 2744 "A BILL FOR AN ACT RELATING TO YOUTH."

Introduced by: Senators Chun Oakland, Kanno, Chumbley, Baker, Fukunaga, Kawamoto, Matsunaga.

No. 2745 "A BILL FOR AN ACT RELATING TO SPECIAL WASTES RECYCLING."

Introduced by: Senator Fukunaga.

No. 2746 "A BILL FOR AN ACT RELATING TO HUMAN SERVICES."

Introduced by: Senators Fukunaga, Chun Oakland, Baker.

No. 2747 "A BILL FOR AN ACT RELATING TO BANKS AND FINANCIAL INSTITUTIONS."

Introduced by: Senator Ige, D.

No. 2748 "A BILL FOR AN ACT RELATING TO DEGREE GRANTING INSTITUTIONS."

Introduced by: Senators Ige, D., Metcalf, Tam.

No. 2749 "A BILL FOR AN ACT RELATING TO EDUCATION."

Introduced by: Senators Ige, D., Metcalf, Tam, Chumbley, McCartney.

No. 2750 "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE HEARINGS OFFICERS."

Introduced by: Senator Metcalf.



No. 2751 "A BILL FOR AN ACT RELATING TO WORKING HOURS OF STUDENTS."

Introduced by: Senator Metcalf.

No. 2752 "A BILL FOR AN ACT RELATING TO THE HAWAIIAN IMMERSION PROGRAM."

Introduced by: Senators Baker, Tam.

No. 2753 "A BILL FOR AN ACT RELATING TO MINOR TEEN VICTIMS OF DOMESTIC VIOLENCE."

Introduced by: Senators Baker, Fukunaga.

No. 2754 "A BILL FOR AN ACT RELATING TO EDUCATION."

Introduced by: Senators Tam, McCartney.

No. 2755 "A BILL FOR AN ACT RELATING TO BOXING."

Introduced by: Senators Tam, Kanno, Chun Oakland, Baker, Kawamoto, Matsunaga.

No. 2756 "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A SCIENCE LAB ASSISTANT PILOT PROJECT."

Introduced by: Senators Tam, Aki, McCartney.

No. 2757 "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL ASSESSMENTS."

Introduced by: Senators Tam, Kawamoto.

No. 2758 "A BILL FOR AN ACT RELATING TO ADULT COMMUNITY SCHOOLS."

Introduced by: Senators Tam, McCartney.

No. 2759 "A BILL FOR AN ACT RELATING TO THE TRAFFIC CODE."

Introduced by: Senators Kawamoto, Metcalf, Sakamoto, Tam.

No. 2760 "A BILL FOR AN ACT RELATING TO TOURISM."

Introduced by: Senators Kawamoto, Sakamoto.

No. 2761 "A BILL FOR AN ACT RELATING TO MOTORCYCLE INSURANCE."

Introduced by: Senators Kawamoto, Sakamoto, Anderson, Metcalf.

No. 2762 "A BILL FOR AN ACT RELATING TO TOBACCO."

Introduced by: Senators Kanno, Chun Oakland.

No. 2763 "A BILL FOR AN ACT RELATING TO MEDICAL EXAMINATIONS REQUIRED BY THE LABOR AND INDUSTRIAL RELATIONS APPEALS BOARD."

Introduced by: Senator Kanno.

No. 2764 "A BILL FOR AN ACT RELATING TO POST RETIREMENT ALLOWANCES FOR RETIRANTS OF THE EMPLOYEES' RETIREMENT SYSTEM WHO ARE AT LEAST SIXTY-FIVE YEARS OF AGE."

Introduced by: Senator Kanno.

No. 2765 "A BILL FOR AN ACT RELATING TO TORT LIABILITY."

Introduced by: Senators Chun Oakland, Chumbley, Sakamoto, Ihara, Kawamoto, Matsunaga, McCartney.

No. 2766 "A BILL FOR AN ACT RELATING TO FAMILY CARE TAX POLICY."

Introduced by: Senators Chun Oakland, Kanno, Chumbley, Kawamoto, Matsunaga.

No. 2767 "A BILL FOR AN ACT RELATING TO CLAIMANT'S ATTORNEY'S FEES IN WORKERS' COMPENSATION CASES."

Introduced by: Senator Kanno.

No. 2768 "A BILL FOR AN ACT RELATING TO PAYMENTS TO HEALTH CARE PROVIDERS FOR WORKERS' COMPENSATION CLAIMS."

Introduced by: Senator Kanno.

#### ADJOURNMENT

At 4:30 o'clock p.m., the Senate adjourned until 9:30 o'clock a.m., Tuesday, January 27, 1998.