

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2003

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 640

Honorable Members
Twenty-Second Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 640, entitled "A Bill for an Act Making an Appropriation for the Loss Mitigation Grant Program."

The purpose of this bill is to use \$500,000 from the Hawaii Hurricane Relief Fund for fiscal year 2003-2004 and another \$500,000 in fiscal year 2004-2005 to develop and implement the grant program established under Act 179, Session Laws of Hawaii 2002.

This bill is objectionable because it would take money from the Hawaii Hurricane Relief Fund to fund a relatively small program that would involve significant administration costs.

Although there is a logical relationship between the Hurricane Relief Fund and the purpose of this bill since the grants funded under this bill should reduce hurricane losses, too few property owners would benefit from this bill to justify the use of the moneys in the Hawaii Hurricane Relief Fund. There are administrative costs that would be incurred in operating this program, including costs for providing notice of the availability of the grant program, processing applications, and other staffing functions that are not funded in this bill. These administrative costs would reasonably be expected to consume a significant portion of the funds provided by this bill.

This bill also has a fiscal impact on the State. The State's general fund financial plan assumes a transfer of

interest income of \$9 million annually from the principal balance of the Hurricane Relief Fund. Reducing that principal will reduce general fund revenues.

It should be noted that hurricane mitigation is a worthwhile concept, and the potential to use money provided by this bill as matching funds to qualify for additional federal money is attractive. Even so, the State must resist the urge to dip into the Hurricane Relief Fund so that the principal of this fund will be available to provide coverage for future hurricane losses. This bill represents the kind of "painless" decision that led to the current fiscal challenge. Faced now with a projected budget deficit of more than \$230 million, the State must make the hard choices necessary to put our financial house back in order.

Decisions like the one to veto this bill are not easy, but they are necessary. Without fiscal discipline and prudent management of the budget, it would be impossible to restore trust and integrity in government and expand and diversify the economy. These are things that we must do to achieve a true New Beginning for the people of Hawaii. Too much is at stake for us to lose our focus or our resolve.

For the foregoing reasons, I am returning House Bill No. 640 without my approval.

Respectfully,

LINDA LINGLE
Governor of Hawaii

P R O C L A M A T I O N

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 640, entitled "A Bill for an Act Making an Appropriation for the Loss Mitigation Grant Program," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 640 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 640 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20th day
of June, 2003.



LINDA LINGLE
Governor of Hawaii