

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2003

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1652

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. 1652, entitled "A Bill for an Act Making an Appropriation to the Medicaid Prescription Drug Rebate Special Fund."

The purpose of this bill is to appropriate \$500,000 to the Department of Human Services' Medicaid prescription drug rebate special fund for the development of a prescription drug benefits expansion program and for obtaining a waiver for the program from the Centers for Medicare and Medicaid Services.

This bill is objectionable because it is flawed legally. While the bill contains an appropriation making it possible to put money into the Medicaid prescription drug rebate special fund, the bill lacks an appropriation of money for expending out of this fund. Without additional legislation, the \$500,000 could not be used for anything, including the intended purpose.

In this time of pressing needs and budgetary constraints, it would make no sense to sign this bill under the circumstances. I believe that this money should remain in the general fund where it will be available for general fund appropriations made for other purposes.

This veto should not be seen as a criticism of the ultimate goal of this bill, which is to help make the cost of pharmaceuticals affordable to the people of this State. I am determined to do all that I can to accomplish this goal within the context of the State's fiscal situation.

The two-year budget recently passed by the Legislature is not balanced. The Legislature failed to include funding for

the Hawaii Health Systems Corporation for the second year of the biennium. Such action would make sense only if one assumed that all state hospitals would be shut down one year from now. Because this assumption is not realistic, the budget passed by the Legislature is not fiscally sound.

The challenge presented by this budget increased after the Legislature adjourned when the Council on Revenues on May 16 reduced the revenue projection for the current year and the upcoming biennium by \$186.7 million. The combined impact of lower revenue projections and unrealistic assumptions by the Legislature has resulted in a budget deficit of more than \$230 million.

The State must now make the hard choices to restrict spending and resist tax increases in order to create a healthy business climate that will lead to more and better-paying jobs and a quality standard of living for Hawaii's families. In short, we must begin to put our financial house back in order by doing all that we can to match recurring expenses with recurring revenues.

Decisions like the one to veto this bill are not easy, but they are necessary. Without fiscal discipline and prudent management of the budget now, it will be impossible to restore trust and integrity in government and expand and diversify the economy in the years ahead. This kind of tough decision is needed in order to achieve a true New Beginning for the people of Hawaii.

For the foregoing reasons, I am returning House Bill No. 1652 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. 1652, entitled "A Bill for an Act Making an Appropriation to the Medicaid Prescription Drug Rebate Special Fund," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1652 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. 1652 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.



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LINDA LINGLE  
Governor of Hawaii