

FIFTY-FIRST DAY

Wednesday, April 22, 2009

The House of Representatives of the Twenty-Fifth Legislature of the State of Hawaii, Regular Session of 2009, convened at 12:03 o'clock p.m., with the Speaker presiding.

The invocation was delivered by Ms. Jeannin-Melissa Russo, after which the Roll was called showing all Members present with the exception of Representatives Bertram, Brower, Chang, Mizuno, Takai, Tsuji and Ward, who were excused.

By unanimous consent, reading and approval of the Journal of the House of Representatives of the Fiftieth Day was deferred.

GOVERNOR'S MESSAGES

The following messages from the Governor (Gov. Msg. Nos. 296 through 298) were received and announced by the Clerk:

Gov. Msg. No. 296, informing the House that on April 21, 2009, the following bill was signed into law:

S.B. No. 92, entitled: "A BILL FOR AN ACT RELATING TO STATUTORY REVISION: AMENDING OR REPEALING VARIOUS PROVISIONS OF THE HAWAII REVISED STATUTES AND THE SESSION LAWS OF HAWAII FOR THE PURPOSE OF CORRECTING ERRORS AND REFERENCES, CLARIFYING LANGUAGE, AND DELETING OBSOLETE OR UNNECESSARY [sic]." (ACT 011)

Gov. Msg. No. 297, informing the House that on April 21, 2009, the following bill was signed into law:

S.B. No. 1113, SD 1, entitled: "A BILL FOR AN ACT RELATING TO GEOGRAPHIC LIMITATIONS ON TIME SHARES." (ACT 012)

Gov. Msg. No. 298, dated April 17, 2009, requesting immediate passage of H.B. No. 1364 to amend the Supplemental Appropriations Act of 2008 (Act 158, SLH 2008) to authorize appropriations of federal stimulus funds from the American Recovery Reinvestment Act of 2009.

SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. Nos. 717 through 721) were received and announced by the Clerk, and were placed on file:

Sen. Com. No. 717, informing the House that the Senate has on April 20, 2009, reconsidered its action taken on April 16, 2009, in disagreeing to the amendments proposed by the House to the following Senate bills and have moved to agree to the amendments, and that said bills have this day passed Final Reading:

S.B. No. 161, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION."

S.B. No. 190, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COMMUNITY CARE FOSTER FAMILY HOME."

S.B. No. 537, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AEROSPACE."

S.B. No. 718, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION."

S.B. No. 896, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CIVIL SERVICE LAW."

S.B. No. 979, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO COMMERCIAL DRIVERS."

S.B. No. 1056, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COMMERCIAL DRIVERS."

Sen. Com. No. 718, dated April 21, 2009, informing the House that the Senate has made the following changes to Senate Conferee assignments for the following bills:

H.B. No. 300, HD1, SD2 Senator(s) Tsutsui added as conferee(s).

S.B. No. 848, HD1 Senator(s) Baker added as Co-Chair(s).

Sen. Com. No. 719, dated April 21, 2009, informing the House that the President has this day appointed as conferees on the part of the Senate, for the consideration of amendments proposed by the House to the following Senate bills:

S.B. No. 50, SD1, HD2 Hee, Chair; Gabbard, Co-Chair; Fukunaga, Hemmings

S.B. No. 638, SD2, HD1 Hee, Chair; Kim, Co-Chair; Fukunaga, Kokubun

S.B. No. 721, HD1 Hee, Chair; Bunda, Fukunaga, Hemmings

S.B. No. 1069, SD1, HD2 Hee, Chair; Bunda, Fukunaga, Hemmings

Sen. Com. No. 720, dated April 21, 2009, informing the House that the President has this day appointed as conferees on the part of the Senate, for the consideration of amendments proposed by the Senate to the following House bill:

H.B. No. 834, HD2, SD1 Ige, Chair; Gabbard, Co-Chair; Hemmings

Sen. Com. No. 721, dated April 21, 2009, informing the House that the Senate has made the following changes to Senate Conferee assignments for the following bill:

S.B. No. 50, SD1, HD2 Senator(s) Kokubun added as conferee(s).

ORDER OF THE DAY

COMMITTEE REASSIGNMENTS

The following measures were re-referred to committee by the Speaker:

<u>S.C.R.</u> <u>Nos.</u>	<u>Re-referred to:</u>
84	Committee on Education
121, SD1, HD1	Committee on Agriculture
127	Committee on Hawaiian Affairs
146	Committee on Education
149, SD1	Committee on Education

150, Committee on Education
SD1

169, Committee on Human Services, then to the Committee on
SD1 Finance

SUSPENSION OF RULES

On motion by Representative Evans, seconded by Representative Pine and carried, the rules were suspended for the purpose of considering certain House bills and Senate bills for Final Reading by consent calendar. (Representatives Bertram, Brower, Mizuno, Takai, Tsuji and Ward were excused.)

UNFINISHED BUSINESS

At this time, the Chair stated:

"Members, at this time, the Chair will be taking Conference Committee Report No. 51 out of order."

Conf. Com. Rep. No. 51 and S.B. No. 199, SD 1, HD 1, CD 1:

Representative B. Oshiro moved that the report of the Committee and S.B. No. 199, SD 1, HD 1, CD 1, be recommitted to the Committee on Conference, seconded by Representative Evans.

Representative Thielen rose to speak in support of the motion to recommit, stating:

"Thank you, Mr. Speaker. I know we cannot speak to the substance of the matter, but I would like to strongly support the recommitment back to Conference Committee, and urgently plead that this bill not emerge again. And then we can keep our high-tech industry and our youngsters here in Hawaii. Thank you."

Representative Keith-Agaran rose to disclose a potential conflict of interest, stating:

"Can I have a potential conflict ruling? I'm affiliated with a company that has invested in a qualified high-tech business," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee and S.B. No. 199, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," were recommitted to the Committee on Conference, with Representatives Bertram, Brower, Mizuno, Takai, Tsuji and Ward being excused.

At 12:10 o'clock p.m. the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:11 o'clock p.m.

LATE INTRODUCTION

The following late introduction was made to the Members of the House:

Representative McKelvey introduced Mr. Murray Towill, Mr. Max Sword and Ms. Marsha Weinert.

UNFINISHED BUSINESS

Conf. Com. Rep. No. 1 and H.B. No. 1741, HD 1, SD 1, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 1741, HD 1, SD 1, CD 1, pass Final Reading, seconded by Representative Evans.

Representative Ching rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I rise in strong opposition to House Bill 1741. Thank you. Mr. Speaker, this bill would temporarily reduce the distribution of portions of the Conveyance Tax transfer to Rental Housing Trust Fund and the Natural Area Reserve Fund, and increase the rate of the Conveyance Tax on all transfers or conveyances of properties with a value to \$2 million or more, and second house purchases.

"If the rate increase for properties over \$2 million and second house purchases are to work based on the assumption that real estate sales will remain the same throughout the next three years, this assumption is not likely to hold true.

"Just to give you an idea of where real estate sales are headed, take a look at the Honolulu Board of Realtor statistics for the 2009 first quarter residential re-sales. Both the number of single family home and condominium sales, and the median sales price of those sales are trending downward. Those numbers have been trending downward since the first quarter of 2008. Hawaii had 724 foreclosure filings in March; Up 34.8% from February, and up 503.3% from March 2008. There were 143 foreclosure filings in February and 120 foreclosures in March.

"Hawaii moved up from 27th to 21st in February in the nation for foreclosures. Our Council on Revenues has consistently downgraded their revenue projections and are expected to do so again later this year. Both drafts of the budget call for some cuts of warm bodies. Let's look at these trends and facts. Where in these trends and facts do you find any argument that conveyance real property sales are going to increase in the near future? Sales are going to continue to decrease.

"And so raising the Conveyance Tax and reducing the allocation going to the Rental Housing Trust Fund and the Natural Area Reserve with re-sales trending downward, providing a disincentive for people to buy higher-end properties and commercial properties. Those sales aren't going to increase either, so we're not really raising additional money to balance the budget. We're probably not.

"The reduction in revenues to this program will potentially lead to layoffs of civil service staff, reduce the State's capacity to implement programs. Also, the State would lose out on maintaining existing long-term contracts with private landowners under the Natural Area Partnership Program.

"For these and many other reasons, Mr. Speaker, I stand in strong opposition, and I'd like to ask for additional comments to be inserted in the Journal."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in opposition to H.B. 1741 – I am sensitive to the State's current economic situation and do realize that we must make up a budget shortfall, but this bill is not the way. This tax will be recovered through the price of property and ultimately, will only add to the already high property prices in Hawaii. The Conveyance Tax will not only have a negative affect on home buyers, but it will also affect property transactions for vacant lots, commercial and retail properties, agricultural farm lands and many other assets. We should not be adding taxes to property that already face higher-tier conveyance taxes. I don't believe this tax will stimulate the economy. I feel we should be enacting laws that encourage people to buy homes and property, not discouraging them from such by raising an already high tax, even higher.

"The Natural Area Reserve Fund supports a suite of essential conservation programs including Watershed Partnerships Program, Natural Area Reserves System management, Natural Area Partnership Program, Youth Conservation Corps and internship programs, personnel, central services fees, Forest Stewardship Program, Forest Reserve System watershed management; Conservation Reserve Enhancement Program; Invasive species program operations; Threatened & Endangered species management, and the Hawaii Invasive Species Council Programs.

"The reduction in revenues to this program could potentially lead to layoffs of civil service staff and reduce the State's capacity to implement these vital programs. The State would also lose out on maintaining existing long-term contract agreements with private landowners under the Natural Area Partnership Program and the Forest Stewardship Program or support for all the other aforementioned environmental programs.

"Funding the Rental Housing Trust Fund creates new affordable rental housing and acts as an economic stimulus.

"Reducing dedicated revenues to the Rental Housing Trust Fund, even on a temporary basis, would have a devastating effect on the development of much-needed affordable rental housing, statewide. In order to address the needs of our citizens, a dedicated source of significant funding must be provided through this and other measures to facilitate ongoing development of much needed housing units statewide. Rather than defer construction of new units, the current downturn in the economy is a good time to start construction of as many new affordable units as possible to maintain construction jobs and produce units that will benefit our residents and our economy for years to come.

"And we know from past debates that funds from the Rental Housing Trust Fund can be used to leverage additional private funds, creating even more affordable housing.

"As you can see, these funds play a key role in some of the State's most important initiatives and that it is clear that this bill will add to the downturn in our economy. I urge the Members of this Body to not further the economic downturn to this State. Thank you."

Representative Aquino rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Aquino's written remarks are as follows:

"The only reservation I have with the measure is the reduced portion of the Conveyance Tax to The Rental Housing Trust Fund. Although the portion was reduced from the current percentage of 30% to the 25% in the Conference draft as compared to the 15% suggested in the House draft, this would affect the development of future affordable housing projects. In these times of economic strife, I believe that the reduction may severely affect the State's ability to provide new affordable units to those in need."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1741, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX," passed Final Reading by a vote of 42 ayes to 7 noes, with Representatives Brower, Ching, Finnegan, Marumoto, Pine, Thielen and Ward voting no, and with Representatives Bertram and Takai being excused.

Conf. Com. Rep. No. 2 and H.B. No. 1747, HD 1, SD 1, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 1747, HD 1, SD 1, CD 1, pass Final Reading, seconded by Representative Evans.

Representative Marumoto rose to speak in opposition to the measure, stating:

"Mr. Speaker, I will rise in opposition to Conference Committee Report No. 2, which would raise the income tax. My opposition to increasing income taxes relates to our State policy, as it affects low-income tax payers. Though this bill raises the standard deduction, Hawaii continues to impose an income tax on everyone, even though they make less than \$4,000 a year. And, I personally feel that we should not tax anybody who makes perhaps less than \$20,000. Thank you, very much."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition of this bill. Mr. Speaker, I just wanted to let you know that I don't have a conflict with this bill. I'm not in this income bracket. However, there are at least 27,000 entrepreneurs out there who would be affected by this bill. These people are the lifeline of Hawaii's economy. Mr. Speaker, as you know, we are not in a position right now to hinder our economy, and that's what I think that this bill does.

"Tax cuts allow entrepreneurs to have more money, so that they can invest it in products and services, thus providing jobs and allowing employees to earn a living. Higher taxes discourage adventurous investors from creating jobs that generate taxes and salaries for employees. You end up with unemployment, Mr. Speaker.

"Raising taxes sends a loud and clear message to these employers. This bill discourages these business owners from taking on additional risks of investing in their businesses and creating more jobs. Higher taxes send investors looking for foreign markets or out-of-state markets with a more favorable tax rate. It robs Hawaii of jobs, Mr. Speaker."

Representative M. Oshiro rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I'm standing in strong support. I don't know if this measure will only impact entrepreneurs. I know that it will impact some of my own family members, Mr. Speaker. I believe this measure might impact my own mother, but she is not an entrepreneur, Mr. Speaker. She's been retired a couple of years, but I believe this would also impact her.

"The top 2.4% of income tax filers had 23% of the total Adjusted Gross Income. That's Adjusted Gross Income or Income after all deductions. So, we're talking about a tax bracket with the ability to take advantage of deductions, more than the average taxpayer. To put it another way, Mr. Speaker, about three out of every 100 taxpayers in the State take home not 3% of total income, but instead take home 23% of income generated in the State. That's \$6 billion, out of \$26 billion.

"Think about that for a moment. \$6 billion, out of \$26 billion. About 3% of the people in the State earn roughly 25% of the Adjusted Gross Income in the State. So, who knows what the real income level is and the sources of that income.

"This tax proposal asks, number one, an individual who makes \$200,000 to pay \$625 more in income taxes. It asks a single parent who makes \$300,000 to pay \$938 more in taxes. And, it asks that a couple who makes \$400,000 a year to pay about \$1,200 more in taxes. There will be no change for individuals with taxable incomes less than \$150,000. No change.

"There will be no change for heads of households with taxable incomes less than \$225,000. No change for joint filers with taxable incomes less than \$300,000. No impact, Mr. Speaker, upon most taxpayers. Again, only about 3 out of 100 taxpayers will be affected. This tax proposal asks individuals who earn more than \$200,000 to pay less than one third of one percent more in income taxes. Head of households who earn more than \$300,000 to pay less than one third of one percent more in income taxes. Joint filers who earn more than \$400,000 to pay less than one third of one percent more in income taxes.

"Mr. Speaker, an individual who makes \$200,000 will pay \$625 more in taxes. That's one cup of Starbucks's *Venti* coffee at \$1.71 per day. Keep the change. That's one gourmet plate lunch and drink from Kaka'ako Kitchen a week. It's a monthly massage at \$52.08, without tip.

"Based on the 2006 income tax data collection, there were 471,792 tax filers in 2006. There were 11,472 tax filers who earned more than \$200,000. This means that only 2.4% of Hawaii resident tax filers earned more than \$200,000 in 2006. Adjusted Gross Income for this group: \$6 billion. In 2006, total resident Adjusted Gross Income totaled \$26 billion.

"Finally, Mr. Speaker, this has not been highlighted, but this bill would increase all standard deductions and personal exemptions by 10% in 2011. This will save lower income tax payers about \$11 million per. \$11 million

a year, Mr. Speaker. We would like to have provided larger fiscal relief to higher income tax filers, but again, we can return to that issue maybe next year.

"At the end of the day, Mr. Speaker, in the context in which we are trying to address a \$2 billion dollar shortfall, this bill would generate \$48 million from the highest income tax payers in the State. This bill will put \$11 million dollars back into the pockets of our lowest income taxpayers. Thank you."

At 12:24 o'clock p.m. Representative Ward requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:25 o'clock p.m.

Representative Ward rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I rise in opposition to this measure. Mr. Speaker, I commend the previous speaker with the statistics. However, let us not confuse the trees with the forest. The forest is, we are in an economic downturn. The forest is that in an economic downturn, you don't raise taxes on anybody, whether rich or poor, or otherwise.

"The second and the third matter is that we are in the midst of a recession where it's all about jobs. Whether it's Starbucks, or whether it's at Walmart, or whether it's at our local 'mom and poppers,' the shave-ice stores, we want to preserve jobs. From a macroeconomic standpoint, Mr. Speaker, these people that we're talking about, those who I'm sure with the last speaker's numbers, created some resentment. I know those are the guys who've got the money. But Mr. Speaker, those are the ones that keep, in macroeconomic terms, the liquidity of the economy with investment. These are the ones who start the businesses. These are the ones who invest in the businesses. These are the ones who, in Act 221, which we just took off the calendar, are the ones who keep that alive.

"So, the substance of our economics, as long as we're in a free economic system, we've got to have people who are willing to take risks and people who are willing to make investments. Those of us who don't have the money, we can't afford that. We just can't do that. But those who do have it, we want to make sure that they don't, in times of difficulty, shrink and hold onto their funds.

"Mr. Speaker, they raised taxes during the Depression, and that's what some theorists say is why the recovery during the '30s was so slow; because people were hoarding their money. They were afraid of taking a risk, and taxes were higher, and it didn't make the economy turn around.

"So, the concern is, Mr. Speaker, sound macroeconomics. I know we don't have a Bernanke and all of the other 'gurus' to tell us what to do, but these, in terms of macroeconomics, show us that when taxes are low, people will invest. And when taxes are high, they won't. This is one of those things to increase the taxes, hurt and otherwise stunt the economy, and for immediate purposes, sure we're not going to see it, but in the long run, these are the things that slow us down from getting out of this recovery and getting back into the growth curve. Thank you, Mr. Speaker."

Representative B. Oshiro rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in support. Very briefly, I just wanted to counter some of the assertions that have been made, that instead of increasing taxes, what we need to be looking at is tax cuts as a way to somehow stimulate the economy. There are three reasons I would say that that is probably a false characterization.

"First and foremost, let's look at the experience of what happened with our federal government. In the wake of the Bush Administration's tax cuts in 2001, economic growth was the weakest recorded by any Administration in decades. By some indicators, it was the weakest in the 70 years that records have ever been kept. On the other hand, during President Clinton's time, he raised taxes in his first year in office, and the

economy during his eight-year tenure boomed, with job growth at almost 21%, compared with the 2% under the Bush Administration.

"The second point I'd like to make is, under an economic and budget issue brief, prepared by the Congressional Budget Office, dated December 1st, 2005, they looked at these tax cuts, and it's an issue brief entitled, 'Analyzing the Economic and Budgetary Effects of the 10 Percent Cut in Income Tax Rates.' Because at that point, what they wanted to look at is this proposal about cutting taxes. What does that mean for their budget? What does that mean for the deficit? And, through these macroeconomic theories, does it actually end up realizing in some additional revenues coming in? They actually found that no, it doesn't. You're left with a bigger deficit. That's what has been found in this brief.

"The third thing that I'd like to point out is, getting back to what the Finance Chair said. We're all in this huge, really bad deficit. And there's only, at this point, two ways that we're going to be able to do it: through further cuts in our budget, or some modest tax increases. What I'd like to point to is President Obama's Budget Director, Mr. Peter Orszag, who considered that question, and he concluded, "Tax increases would not, in general be more harmful to the economy than spending reductions. In the near term," he wrote, "tax increases on higher income families, are the least damaging mechanism for closing state fiscal deficits."

"Mr. Orszag's arguments recently were summarized in a letter signed by 120 economists and sent to the New York Governor, David Patterson. I think those reasons are things that we need to look at if we're truly going to be trying to tackle this deficit. Those are the types of economic theories that we need to look at, because at the end of the day, as the Finance Chair said, we have a huge deficit, and we're going to have to make it up somehow. This, I think, is one modest proposal. Thank you, very much."

Representative Rhoads rose to speak in support of the measure, stating:

"Mr. Speaker, in support. I just wanted to make the pitch for charging the wealthier income wage-earners as much as middle income wage-earners make. I was reading a story here from the Washington Post from a couple of years ago where Warren Buffet was saying that we really should tax the very wealthy, at least at the same rate that we tax the middle class.

"And, according to Mr. Buffet who of course is a world class, probably the premier investor who made \$46 million in 2006 and paid 17.7% of his taxable income. Well, his receptionist paid 30% of her taxable income in taxes. And the reason for this is largely because the Social Security Tax rolls off. I don't remember exactly where the threshold is, but it's about \$100,000. Anybody who makes more than \$100,000 gets a 7.5% tax break.

"So, increasing the tax by these tiny percentages that we're talking about here, gets us a little closer to the very wealthy paying as much as the middle class does in percentage terms. Mahalo."

Representative Evans rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in support. I'd like to talk a little bit about the value system that we have in Hawaii. For those who don't make a lot of money, they give what's called, 'in-kind service,' and I think what's happening when we get into these discussions between the Majority and the Minority today, we get hung up on the word, 'tax.' And, I think we need to stop talking about tax. I think we need to talk about what people give to their community, and how they can give.

"The ones that are low income and middle income, they contribute to our community, and we don't put a dollar value on every hour that they give to the community. What they do for the schools, what they do for the parks, for the cleanup, for the things that they contribute, so we have this great Hawaii sense of place. And, what happens with a lot of people in the higher income tax bracket, they work really, really hard. They have to manage their investments, they have to meet with lawyers, accountants. It's a very heavy responsibility that they have. They don't have those hours to give to in-kind service, because they're doing their service to their community the best they can.

"I do believe in my heart that these people who make that kind of money want to contribute in their way. Their way probably is with money. Our way, the ones that don't make money, is to give our heart and soul to the community. We're out there. We're doing the hard work. Maybe it's working labor. What about working mothers? How about mothers who stay home and take care of the kids? All these people, where is the dollar value? They give. We all give. And like I said, in my heart, I do believe the people who make this money, I think they get it, and they understand that. So I really support this. Thank you, Mr. Speaker."

Representative Pine rose to speak in opposition to the measure, stating:

"Yes, in opposition and rebuttal. A lot of the statistics that have been mentioned by the Majority Leader relates to federal budgets. I think we need to redirect ourselves and compare ourselves to state budgets. And, I'd like to read some information based on the National Association of State Budgets, as well as a fiscal survey of the states and various editions of the U.S. Bureau of Census that relates to the states.

"In the early '90s, many states did have problems with their budgets very similar to what we're going through now. It just wasn't coupled with the federal crisis. So, today we not only have state crises, but federal crises. What Governor Zell Milner did in Georgia in the early '90s; they were facing a huge budget deficit, and what they did was, they did huge income tax cuts for everybody. They were told you're not going to get the income back. But he had such a strong philosophy, that he believed that people would be able to spend their money a lot more wisely than government. He wanted the money to stay with the people. After that happened, Georgia enjoyed the fastest growth of any state east of the Mississippi. Employment grew more than twice the regional average from 1990 to 1996.

"New Jersey also had a budget deficit. Governor Christine Todd Whitman cut income taxes by 30% for all income tax brackets, and what happened was, by the mid-'90s, 80 percent of the jobs that were lost during the previous Administration's years had been recovered. Personal income in the state also grew by nearly 4% within a year, after virtually no growth in the previous years.

"In New York, Governor George Pataki rolled back all income tax that were raised in the previous Administration, and New York, after losing one half million jobs because of the tax increase from the previous Administration, New York actually enjoyed an increase of 90,000 jobs within 12 months of the cut.

"Mr. Speaker, I've always voted for this bill. I come from a working class family, plantation laborers, teachers, custodians, and it sounded okay. These people have more money, so they should give more. But I learned something last week from a guy named Joe. He's a former Carpenters Union member, a former member of the Operating Engineers Union, and just a few years ago, he had this American Dream that, 'Hey, if I can do this job, why don't I become the boss?'

"And so what Joe did was he started his own contracting company. And he immediately was very successful. For the first time, he bought the house that he had always dreamed of for his wife and family. And he was able to finally give more to the churches and the non-profit groups, and to his daughter's school. He never gave money to his daughter's school before.

"At the end of last year, Joe had six contracts lined up, signed, with deposits made. And then starting at the end of the year and beginning in January, the federal government started talking about taxing the rich. We started talking about taxing the rich. In addition to that, we started talking about taking away tax credits for businesses. The federal government started talking about taking tax credits away for businesses, as well as those who are wealthier. And even taking tax credits away for giving to non-profits.

"One-by-one, each customer called Joe and said, 'You know what, Joe? I can't do this right now. The uncertainty with the federal government and the State is too high. I fall in these brackets. We're going to stop giving to

everybody. We're going to not remodel this year, and I've got to pull out.' All six of those clients were lost by Joe.

"The same story was told to me about Aldrin dela Hermosa. He, like me, is a plantation kid, whose family immigrated from the Philippines and worked on a plantation. And he also had that American Dream that, 'Gosh, I want to make it, and I want to be able to give more to people.' He also educated me about how he just makes this tax bracket for the first time this last year, but he's also lost numerous clients ..."

Representative Thielen rose to yield her time, and the Chair "so ordered."

Representative Pine continued, stating:

"So, I guess what I'm trying to say is, for the first time I realized, God, this is going to affect my family, in terms of not just this little Starbuck's coffee, but they might lose their jobs. Because what happened after that was, Joe had to lay off his workers. Joe had to tell that small business that he was buying all his construction supplies from, that he can't be a customer anymore. And that company laid off their workers.

"So, this isn't just about Starbuck's coffee. This is about the 'American Dream' that we are just killing, so that we instead can trust government to handle people's money more than themselves. And I've just got to put my bets on the people of Hawaii, that they can do better."

Representative Finnegan rose to respond, stating:

"Mr. Speaker, once again in opposition. Thank you, Mr. Speaker. On this matter, I'm reminded of a quote by Abraham Lincoln. He once said: 'You cannot strengthen the weak by weakening the strong. You cannot lift the wage earner up by pulling the wage payer down. And you cannot build character and courage by taking away men's initiative and independence.' Thank you."

Representative Ward rose to respond, stating:

"Brief rebuttal with a footnote and clarification. I like the notion of the Majority Floor Leader, of giving, as one's way of paying taxes. However, there's an interpretation that it's taking, and I'd remind the Body, Mr. Speaker, that I announced here on Monday that, that was Patriot's Day. It was the beginning of the Revolution, which was fought about taxation without representation.

"Taxation is a core value of our history. It's been argued from the very beginning of the Republic to now. The giving and the taking is still being debated. It's nothing really new. One could argue that without the taxation, perhaps the status of the United States would even be different today. We don't know that. But to take it away as something that is not part of our history is not historically accurate.

"Secondly, there was a misconstrual of what I had said regarding, 'no new taxes,' not decreasing taxes. That's not what I think anybody on this side of the argument is saying. It's simply saying, no new taxes, particularly at this time, particularly in this economy. As my colleague just noted, this is all about jobs. You may think its taxation, but it's all about jobs, and that's the bottom line, Mr. Speaker. Thank you."

Representative Ching rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. Just in opposition, and I ask that the words of the Representative of Ewa Beach be entered as my own. And, I just wanted to add that I think that it's highly important in this economy to see the connection and how we're all connected. The business owner, the consumer, we're all connected.

"When we talk about giving up a Starbuck's, or a gourmet plate, or whatever, but the fact is, is that that Starbuck's purchase in turn employs the *barista*, who in turn is making maybe minimum wage or what have you, who in turn pays his bills. So, we're all connected, and that's what we're just trying to say. So, in opposition with additional written remarks."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in opposition to H.B. 1747 – This bill creates an extremely broad tax bracket at the rate of 8.25% for those earning between \$96,000 and \$750,000, and I am concerned that those on the low end of this proposed tax bracket, who are the middle class of Hawaii, will feel this tax increase harder than most.

"Raising taxes during economic hardship is never a good idea. This takes money out of the hands of those who would otherwise be spending money and stimulating the economy. People making over \$750,000 are being taxed nearly double their current rate, and those are the people with the capital needed to create jobs and keep the economy going. I think this bill could potentially send the message that Hawaii might not be the best place to invest or do business. I am reminded of a quote by Abraham Lincoln. He once said, "you cannot strengthen the weak by weakening the strong ... you cannot lift the wage earner up by pulling the wage payer down ... You cannot build character and courage by taking away men's initiative and independence."

"The Department of Taxation states in their testimony:

GENERAL SUPPORT FOR INCREASED STANDARD DEDUCTION AND PERSONAL EXEMPTION AMOUNTS - The Department acknowledges that it has supported increases in these amounts in the past and in general is supportive of such measures. As a matter of tax policy, the Department supports the increase in standard deduction and personal exemption amounts, as these increases have the greatest beneficial effect upon those taxpayers with lower taxable income. However, the Department cannot support increases in these amounts where they are paid for by increasing taxes.

TAX RELIEF LAGS TAX INCREASE - Further to the Department's opposition to this measure is that any purported tax relief lags the tax increase. As provided in this measure, the increase in standard deduction and personal exemption do not occur until the 2011 tax year; however the tax increase occurs during the current tax year. The Department cannot support this measure where the accompanying tax relief is not immediate.

OPPOSE THE TAX INCREASE CAUSED BY THE ADDITION OF HIGHER INCOME RATE BRACKETS - While higher income earners are less sympathetic with regard to tax increases, increasing taxes on those who are part of this group creates disincentives and unintended consequences that could have adverse effects on Hawaii's economy. First, the higher income earners as a group are much more sophisticated with regard to tax laws and may end up pursuing and employing additional legal avenues of reducing their Hawaii tax burden with the unintended result that the State is actually collecting less from these taxpayers than it was before the tax increases.

Most importantly, these higher-income individuals are also the small business owners upon which Hawaii's economy depends. Effectively, this measure creates a disincentive for a person to innovate, expand his or her business, which in turn slows the economy and keeps Hawaii's current economic climate stagnant."

"The Hawaii Association of Realtors states in their testimony, "This measure effectively creates new tax brackets and tax rates of 9, 10, 11 and 12 percent for:

1. Joint filers with incomes in excess of \$250,000;
2. Head of household filers with incomes in excess of \$187,500;
3. Single filers with incomes in excess of \$125,000;

HAR would note that during these tough economic times, it is extremely difficult for individuals and families to make ends meet. The value of the dollar is not what it once was, particularly when factoring in inflation and the high cost of living in Hawaii. As a result, it is a continuing challenge for Hawaii residents to manage expenses, from purchasing basic necessities to owning a home.

Moreover, any additional individual taxes will result in less money being circulated into the economy, at a critical time when the economy needs it. These funds could instead be used by individuals to help a homebuyer with a first home purchase, or to provide small businesses with funds to invest and improve in their companies."

"Thank you."

Representative B. Oshiro rose to respond, stating:

"Mr. Speaker, just very briefly. I just wanted to make one more rebuttal argument. I don't think anybody in this Chamber is trying to do anything to destroy the 'American Dream.' But, I think the harsh reality is unfortunately, that dream is dissipating for many, many people. The most recent census conducted, according to an article dated August 29th, 2006, shows that there's a widening gap amongst Americans, between the wealthiest and the poorest in our nation. And that is a statistic, I think, was hitting us even before this economic downturn.

"And so, in these times, that gap is only going to continue to widen. That class division is only going to continue to separate. And so much as the Representative from Nu'uano may want to say that we're all connected, unfortunately, in this country, we're not connected. There's a big, big gap. And that is the other reason I support this proposal, which is that what it plans to do for the tax years in 2011, is actually increase the Standard Deduction for the lowest people on the tax bracket. And for those reasons, I continue to stand in support."

Representative Pine rose to respond, stating:

"Just briefly. How have we been wise with the people's money? We talk about giving up Starbuck's, but has government given up a Starbuck's? In just nine years, we have increased the cost of employee salaries, health benefits, and retirees by \$1.3 billion. In just nine years. So, it seems like not everybody is suffering here. I believe that everyone in the State should have the opportunity to be the wealthy. But we're not going to get there by taxing them and punishing them for their success. And if I can additionally put some comments in the Journal, I'd appreciate it."

Representative Pine's written remarks are as follows:

"Thank you Mr. Speaker, I rise in strong opposition to this tax increase. This bill would increase taxes for single filers with income in excess of \$150,000.

"We are in the midst of a devastating recession. Just last month, Hawaii's unemployment rate jumped to 7.1 percent, the highest mark in more than 30 years, and there are no signs that this number will improve in the near future. By raising taxes now, we will be making the economic situation in this state even worse. If government takes more money from households, individual spending will decrease. Without consumer spending, our businesses cannot survive. They will be forced to shut down, resulting in even more of our fellow citizens becoming unemployed.

"It has been said that this tax increase will not affect a great majority of people. The belief is that the increase is just limited to the "rich," and since they can afford the tax increase, the damage should be minimal. This is a short sighted and wrong view. Tax increases do not happen in a vacuum. The negative effects of a tax increase will spread out to all economic sectors and socioeconomic classes in the state.

"Small businesses will be particularly hurt by this increase. These businesses are the heart of Hawaii's economy. They make up 96% of the state's employers, and 55% of private sector employment. Because of the present economic downturn, many of these businesses stand on the knife edge of survival. By passing this measure, we will push these enterprises over the edge by directly increasing taxes on them. This is because last year, over 27,000 small businesses used pass through entities to file their tax returns, such as LLC's, LLP's, and S corporations. This means that the business' income was computed as personal income in the owner's tax return. Much of this income is in excess of the \$300,000 number in this measure. This coupled with declining revenue from the slumping economy will shut down businesses and put people out of work.

"Another problem with this bill is that there is a good chance that it will fail in its primary objective of raising revenue. Many higher income people can find ways to avoid paying taxes. For instance, there is nothing in place that forces these upper income individuals to stay in the state. These people have the means to be mobile, and they could leave the state without difficulty. They could even stay in the state for an extended period and avoid paying taxes completely by spending less than six months of the year in Hawaii.

"DOTAX identified this problem in its testimony. The Department stated that "higher income earners as a group are much more sophisticated with regard to tax laws and may end up pursuing and employing additional legal avenues of reducing their Hawaii tax burden with the unintended result that the State is actually collecting less from these taxpayers than it was before the tax increase."

"Still, even more damage to the state will be done by taxing the so called rich. High marginal tax rates discourage work effort, savings, and investment. These individuals are the innovators and jobs creators of our economy. By taking money out of these high earners pockets, we will be eliminating jobs and opportunities for new employment.

"On this matter, I am reminded of a quote by Abraham Lincoln. He once said, "you cannot strengthen the weak by weakening the strong...you cannot lift the wage earner up by pulling the wage payer down... You cannot build character and courage by taking away men's initiative and independence." By passing this legislation, we are going against the very heart of President Lincoln's quote. Yes, I understand that we have a budget problem, but there are other and better options that solve this problem without crushing people under a heavy tax burden. We cannot raise taxes without damaging the economy, so let's pursue other avenues, and vote this bill down.

"Thank you."

Representative M. Lee rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative M. Lee's written remarks are as follows:

"According to the Center on Budget and Policy Priorities, 29 states faced a total budget shortfall of at least \$48 billion in 2009.

"Now, preparing a budget for 2010-11, Hawaii joins others in the nation struggling to create a balanced budget with decreasing revenues.

"In general, there are three ways states can close these budget gaps; a combination of spending cuts, use of reserves and revenue generation.

"HB1747 taxes an individual who makes \$200,000 to pay \$625 in income tax, and a head of household who makes \$300,000 to pay \$938 more in taxes. This progressive tax will help our State to soften the deficit and does not place an undue burden on those who make less than \$150,000. This is a fair tax which mirrors somewhat the plans of our new President.

"Peter Harkness, writing in the *Potomac Chronicle*, a feature of *Governing Magazine*, stated: "Balancing a state budget with spending cuts alone is next to impossible." I agree with his assessment after many hours spent studying the budget.

"I urge the members support of this bill."

Representative Chong rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Chong's written remarks are as follows:

"Taking a dollar out of the private sector for a tax does not mean it disappears. The tax dollar will be spent within the economy. Its expenditure benefit does not disappear. Also we are reducing appropriations by approximately \$400 million and not just raising

revenues. The House cut \$200 million on top of the existing cut of \$200 million from the Governor."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1747, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Final Reading by a vote of 37 ayes to 12 noes, with Representatives Berg, Brower, Ching, Finnegan, Hanohano, C. Lee, Marumoto, Nishimoto, Pine, Thielen, Ward and Wooley voting no, and with Representatives Bertram and Takai being excused.

Conf. Com. Rep. No. 3 and H.B. No. 1175, HD 3, SD 2, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 1175, HD 3, SD 2, CD 1, pass Final Reading, seconded by Representative Evans.

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, may I say a few remarks regarding the Cigarette Tax, Conference Committee Report No. 3? Mr. Speaker, I am in opposition. Mr. Speaker, if this was a GET tax increase, everybody would be voting against it, because we know the GET tax is regressive. It hits the poor. But if you look at, who are the smokers, who's left? What are the demographics of who is left smoking? It's those who socioeconomically are at the bottom. So, this is going to hurt those who can't afford it.

"And, I know it's getting expensive to smoke, and many are quitting. I myself smoked for a couple of decades, but I've quit. Many in this room have quit. But to do this now, in the time when we have a crisis, when people may be jeopardizing their jobs and their security, where they may need a cigarette like many of us did in the past. Now is the time when this is really going to hurt them.

"So, Mr. Speaker, raising taxes and getting people to stop smoking is good. But the timing is not good, and the rate that we're now going to be charging them is going to hurt the poor. Thank you."

Representative Rhoads rose to speak in support of the measure, stating:

"Mr. Speaker, in support. It's almost a laughable argument that was just made. I think someone who doesn't make a lot of money, and who stops smoking because the prices of cigarettes have gone up too high, has been done a great favor. They're not going to get emphysema. They're not going to get lung cancer. And I'll tell you, getting lung cancer, or emphysema, or any of the many health risks that go along with tobacco smoking are much more expensive than the tax that they're going to pay on their cigarettes. Thank you."

Representative Marumoto rose to speak in opposition to the measure, stating:

"Mr. Speaker, I also rise in opposition. My remarks go to the next measure also, which is the tax on tobacco products other than cigarettes.

"In the past, I have voted for taxes on tobacco. But this time, I'm shifting gears. I just feel that the increases are almost confiscatory. And, I think such big increases will encourage Internet purchase of these products, smuggling, and illegal activities. And, I think that we won't derive as much revenue as we hope to achieve. Thank you."

Representative McKelvey rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Mr. Speaker, on Conference Committee Report No. 3, just a short rebuttal. I am voting against this measure, and throughout my time here, in regards to this issue, I've been voting up. I just kind of wanted to add, because there was a moment of laughter having to do with the explanation or the speech that the Representative from Hawaii Kai was mentioning,

and I would like to bring a bit of a personal point or experience to this conversation.

"The reality is this. I've spent time, I don't know if anybody else has, but I have actually spent time sitting down with homeless at the park, and it's really interesting, because those who smoke, no matter what the cost of a pack of cigarettes are, many of them don't quit. They do keep on smoking. And I agree, they should for health reasons stop smoking. But for whatever reason, whether it be spending their money on alcohol, or spending their money on cigarettes, they are doing it. Sometimes they give up food for it. It's an addiction, Mr. Speaker.

"So, if you're talking about a laughable moment of how we're raising taxes on people who smoke, it's a serious issue. A serious issue that in the reality of things, some of them who are the poorest of our residents will not give up smoking, unfortunately, and will probably give up other things that they'll spend on to buy cigarettes. I just wanted to bring some of those thoughts to that laughable moment."

Representative Yamane rose to speak in support of the measure, stating:

"Mr. Speaker, standing up in support. I do want to clarify that the issue of smoking and tobacco addiction is not a problem of the poor. It's a problem of everybody, Mr. Speaker. It's not that only poor people buy cigarettes to deal with the mind-numbing high off of cigarettes. The middle class do it. The rich people do it. Everybody does it. Mr. Speaker, regarding the issue of why they call this a 'sin tax,' or the issue of raising the taxes of this. Again, if you look at the costs associated with smoking, cancer, secondhand smoke, it affects all of us, greatly.

"It affects those in our emergency rooms. It affects those in our healthcare industry. It affects those as they search for the difficulty of trying to find appropriate long-term care.

"So, Mr. Speaker, when we look at this issue, we shouldn't look at increasing cigarette taxes as affecting the poor and their ability to access cigarettes. We should look at the health effects and the positive outcomes that this can do. Mr. Speaker, if a bill like this allows just 10 people, or even one person to say, 'You know, I can't afford this. I need to look at other options.' And they go and call the Tobacco Line and look at options like a tobacco patch, or tobacco gum, then this bill has reached its goal.

"And just to let you know, as the federal government has increased the taxes on cigarettes, my understanding is the number of calls going to the Tobacco Line has increased over 40%. Thank you, Mr. Speaker."

Representative Ward rose to respond, stating:

"Mr. Speaker, a brief clarification. I would not want to have misspoke on the data, but the demographics are clear. The socioeconomic level of a preponderance of smokers, the majority, are those at the lower socioeconomic level. If it was not the case, I'm sure the cost of the cigarette that we're now increasing the tax on would even be higher. If this was something in the upper bracket, that only the elite smoked, I'm sure the tax would have been even increased.

"So, Mr. Speaker, it's very clear. And I think we have to be concerned that those people who are on the edge, who are poor, who look to this as some people do chocolate as comfort food. Sometimes cigarettes do serve a purpose in terms of mental health and social discourse in our society. So, Mr. Speaker, clearly the poor are going to be hit by this. Thank you."

Representative M. Lee rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in support. I almost can't believe what I just heard. I do have a conflict probably, because I sit on the Board of the American Cancer Society. But the classic argument of the big cigarette companies over the years has been that a tax on cigarettes will hurt poor people. I didn't think anybody believed that anymore, but obviously I'm not right.

"But what I have in my hand here is a little package of Virginia Slims Super Lights. It's packaged extremely well to appeal to children and

young ladies, because they can hide it in their pocket or in their purse and smoke when one doesn't need to.

"This argument that we're hurting the poor is really something that I haven't heard for years, and I'm kind of surprised that I'm hearing it in this Body. I'd just like to say that the Tobacco Tax has been shown nationally to cut down cigarette smoking and to decrease rates of lung cancer. It's a good thing, and we shouldn't have any qualms about it. Thank you."

Representative Cabanilla rose to speak in support of the measure, stating:

"I rise in support, Mr. Speaker. What I would like to do, if I could be so privileged, is that my colleagues from across the aisle have been opposing this measure, and I'm sure they're going to oppose the other measures that have something to do with increasing taxes. I know that we're doing it in an attempt to balance the budget. But what I have not heard from them is what would be their solution to closing that gap?"

The Chair addressed Representative Cabanilla, stating:

"Representative Cabanilla, I believe you are out of order at this point, because the focus of this measure is the increase of the cigarette tax by one cent for the next two years."

Representative Cabanilla: "I would like to ask the question when the appropriate time comes. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1175, HD 3, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Final Reading by a vote of 44 ayes to 5 noes, with Representatives Finnegan, Marumoto, Pine, Ward and Wooley voting no, and with Representatives Bertram and Takai being excused.

Conf. Com. Rep. No. 4 and H.B. No. 895, HD 2, SD 2, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 895, HD 2, SD 2, CD 1, pass Final Reading, seconded by Representative Evans.

Representative McKelvey rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 895, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAX ON TOBACCO PRODUCTS OTHER THAN CIGARETTES," passed Final Reading by a vote of 44 ayes to 5 noes, with Representatives Finnegan, Marumoto, Pine, Ward and Wooley voting no, and with Representatives Bertram and Takai being excused.

Conf. Com. Rep. No. 52 and S.B. No. 1111, SD 1, HD 1, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that S.B. No. 1111, SD 1, HD 1, CD 1, pass Final Reading, seconded by Representative Evans.

Representative Marumoto rose to speak in opposition to the measure, stating:

"Mr. Speaker, I will rise in opposition to Conference Committee Report No. 52. This bill would raise the Tourist Accommodation Tax, or what we know as a 'hotel tax.' I would like to quote a little bit from a speech in an article written by Dr. Richard Kelley, whose family founded the Outrigger Hotel chain. And in it, he quotes Leroy Laney, who wrote an article and stated that travel and tourism is related to some 40% of the State's gross domestic product, and up to 75% of all jobs.

"So, tourism of course, as we all know is very, very important to our economy and our way of life. We're raising this tax one percent, and then two percent the following year because we think we can get away with it. And Dr. Kelley says, 'Politicians think they can get away with it because

visitors don't vote. But they do. Not at the ballot box, but with their pocket books.'

"And he goes and talks about the price sensitivity of vacationing in Hawaii. He compares the price for a vacation for a family of four in Waikiki, compared to Acapulco. And obviously, Waikiki is more expensive than a Mexican vacation. He also goes on to say that tax collections may go down, and I quote him. Here's why:

Raising the TAT will further increase the cost of a trip to Hawaii, and until the gods repeal the laws of economics, increasing the cost of a vacation will decrease travel and visitor spending in our State, particularly in these tough, price-sensitive times. This means fewer outside dollars coming into our community. And that translates into fewer jobs in hotels, restaurants, and visitor attractions. The companies that supply hotels will need fewer workers and less warehouse space. Taxi drivers will drive fewer miles, and there will be less demand for hula dancers. All those people will have less to spend at Foodland, Long's, and every other shop in our State. Unemployment, bankruptcies and foreclosures will rise, home values will fall. Local charitable organizations will receive less support, and government revenues from property tax, income tax, GET, vehicle registration fees, and a host of others will go down. That's right. Raising the TAT may actually lead to a decrease in total tax collections. It's paradoxical, but true. The hurt will really not be exported ...

"And in this respect, he is referring to our tourists. I continue to quote him:

... or paid by people who come here, but felt by the local residents the politicians want to protect. The long-term effects of an increase in the TAT can also be very damaging. Some hotels might even go out of business. Really. Yes, this has already happened.

"And he goes on to say that a lot of these hotels may change to residential properties. And then we lose a lot of jobs, because these other apartments will employ far fewer people.

"So, he urges us to vote 'no' on this, and I think we should listen to him. Dr. Kelley is a local boy whose family built up a local business, the Outrigger Hotel chain. And the history of our hotels is very much the history of the Outrigger Hotels here in Waikiki. I urge you to vote 'no.' Thank you."

Representative Ching rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I rise in opposition. I rise in opposition because I want to share with you that I had the occasion to be in Waikiki at the Royal Hawaiian Shopping Center just the day before yesterday. And I'll be frank with you, I was frightened. I went to the Royal Hawaiian at dinner time to go to a meeting, and there were very few visitors. I'm a local girl. I've been going to Waikiki since I was a child. I don't remember seeing it so quiet at this season.

"And when I went past the stores, the look in our local people's faces, there were no customers in a number of the stores. It was so frightening. The look on the face of one of the sales girls. I just don't think it's time. And I reiterate, I know it's been said on the Floor before, but we cannot compare ourselves to New York. New York City is in the State where Wall Street is, and it's an economic center. It's a one rail ride to Washington D.C. It's a whole different 'apples and oranges.'

"We're the most remote place on earth, and people don't come here so much, as much as we'd like to think, for business. They come for leisure. Raise the price and they'll cut it out. So, we have to support our tourist industry. Thank you."

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, I rise in opposition, with only one footnote. Mr. Speaker, after 15 years as a retailer at the Royal Hawaiian Hotel, I want you to know that we were just slaves to occupancy rates. When occupancy went down, you can basically decimate the small business community. And if

we're tweaking it now, even if this one percent or two percent equals a half percent, or a decrease of a small amount, that has ripples throughout the whole industry.

"Mr. Speaker, I hope between now and the Conference Committee, we listen to the experts, we listen to those in the industry, we listen to the Doc Kelley's. We listen to all those who've been through this, the Tatibouet's, etc. And by listening, we let them, not the political objectives, but those who are the professionals. They are the keepers of the 'crown jewel' of our economy.

"This is very serious business, and doing this without full consultation with them, or against their consultation should be seriously taken into consideration. Thank you."

Representative Souki rose to speak in support of the measure with reservations, stating:

"Yes, Mr. Speaker. I wish to vote with reservations. Again, it's a difficult task for me, because having once been the Finance Chairman, I know how difficult it is to balance the budget. The Chairman and you, Mr. Speaker, have done a very good job in attempting to balance the budget.

"But, I believe, Mr. Speaker and Members, that an increase in the TAT and using the money for general funds is wrong. If you would increase the TAT to increase marketing, and solely for marketing in the downturned market that we have now, I would agree. When the market is soft, you market more. Not take away.

"Now, I understand the need for revenue. There are other ways of getting revenue that I would prefer. I don't believe we have even touched the Hurricane Fund yet. We should look at that and taking some money away from there. I've never been shy about taxes, and if you need taxes to help to provide for a safety net, you should do it. Right now we have those with mental health problems that are going without any help at all. This budget here, unfortunately, because we're so concerned about balancing, and I understand that, but we're not providing enough to take care of the safety net.

"Neighbor Island hospitals will be again, working at deficit. I doubt if there is enough money for that. There are those that are in drug rehabilitation programs whose money has been cut 50%, from \$400 to \$200, and very shortly to zero. Now what's going to happen to these people here? Where is the safety net for them?"

The Chair addressed Representative Souki, stating:

"Representative Souki, please confine your remarks to the Transient Accommodations Tax."

Representative Souki continued, stating:

"I deviated, Mr. Speaker. I'm very sorry. I'm just trying to impress that this total package that we have is not sufficient to take care of the safety net. And that's my concern. Thank you very much, Mr. Speaker."

Representative Pine rose to speak in opposition to the measure, stating:

"Yes, in opposition, Mr. Speaker. Thank you. We are dealing with a \$2 billion budget deficit, and what we have here is a difference in philosophies, and that's fine. Maybe I can resurrect someone that was very important in America, and that we can all feel fond of, and that's Thomas Jefferson.

"When he first became President, he inherited a huge, huge national deficit. And his goal was not only to reduce the deficit, but actually increase the income of the national budget by reducing taxes. He hated taxes. He believed that it was big government coming into people's lives, and that the government would waste his own money. And he went forward with that philosophy, and by the end of his term, not only did he reduce the national deficit, they actually had a surplus.

"So, what we're talking about aren't these strange Republican ideas. These are ideas that have gone on in American history that have proven to work. There may have been about a hundred economists that the Majority Leader had mentioned regarding taxes, that don't believe in ..."

The Chair addressed Representative Pine, stating:

"Representative Pine, and the Members of this House, please confine your remarks to the increase of the Transient Accommodations Tax, and not go into a sermon on taxation at this point?"

Representative Pine continued, stating:

"Thank you, Mr. Speaker. I'm sorry. I just got so emotional, I couldn't help myself. Regarding this bill, which is a tax increase, there are over 200 economists that are opposed to raising taxes on the people. And they all signed this letter here. They believe that lower tax rates and the reduction in the burden of government are the best ways of using fiscal policy to boost growth.

"Now, does this bill boost growth for the State of Hawaii, so that we can have more income for our budget? Well, I believe it doesn't. This increases the Transient Accommodation Tax, and this is bad for our number one business in the State of Hawaii. It basically increases the tax and kills the 'goose that lays the golden egg' for Hawaii. Last May, Hawaii topped AAA's list of most expensive vacations. That's not a great achievement to be well known for.

"Since then, HVCB has been waging a media campaign to tout Hawaii as a value destination, driving home the point that a Hawaii vacation in 2008 cost substantially less than it did in 2007. Since October, national media outlets and travel agencies have been touting Hawaii as one of the best vacation deals available. Just this last week, we were in national business magazines, where it talked about how Hawaii is actually going to make their vacations more expensive by increasing this tax.

"Raising the TAT is simply going to undo all the hard work that the HVCB put into trying to get more tourists here, by making a Hawaii vacation more expensive. And don't think that people won't see this as a tax increase. The Associated Press, as I mentioned earlier, did write the story and it was in *Business Week* just this last week.

"According to the American Economics Group research report, entitled, 'Update 2008: Room Taxes and Economic Impact of the Lodging Industry,' which each of your offices received yesterday, Hawaii visitors pay an average of \$25.79 per night, versus the national average \$12.69 a night. Our total tax on visitors is 11.42%. And add an additional half percent for visitors to Honolulu County. By comparison, Las Vegas' total tax on visitors is 9%.

"Generally speaking, destinations with higher tax rates, such as New York or Washington D.C., are business destinations, where an employer often picks up the tab. All this bill will do is make us a less attractive destination.

"So, maybe you don't want to pay attention to the economic arguments against this bill. Maybe you want to rely on the notion that we need the revenue to balance the budget. If that is the case, maybe the last relevant point of the study would give you pause. The one that concludes that a one percent increase in the TAT would lead to a loss of 3,200 jobs. For me, Mr. Speaker, I take that very seriously, because a majority of those that work in my district work in the hotel industry. 3,200 jobs lost, as a result of this bill. These are our friends, our neighbors, our family, that are going to require the services of the Department of Labor and Industrial Relations and possibly the Department of Human Services, further straining the State budget. This many people who will likely be paying less in income taxes this year, because they have less income.

"Mr. Speaker, there are good ways and there are bad ways to balance the budget. Keep in mind that balancing the budget and shortening a recession are two different tasks. You can balance a budget in such a way that lengthens or worsens the recession. This bill is such an example. Thank you."

Representative Manahan rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. Rising in support of this measure. Thank you. I don't think anybody here is crazy about wanting to raise taxes, but I think we all understand that it is necessary. I just wanted to address some of the comments that were made in regards to the economy and pricing for the one percent increase, and the two percent increase going out. The increased cost of one percent on a \$100 hotel room would just add \$1 a night to the visitor who is coming to Hawaii, and then \$2 a night going out. I don't think that is going to deter anybody who is really thinking about coming to Hawaii from making that decision to come here.

"With regards to the percent, even at two percent, by raising it by two percent, we're still well below the nation's average, and certainly one of the lowest in the entire nation. And as far as using the TAT for the general fund, there was a good point that was raised earlier today by one of my colleagues who said that basically, a lot of our tourism product, the beaches and our roads, and all the other things that we depend on for the tourism product are supported by the general fund, so there is a nexus.

"One more thing I would like to address is in regards to the job loss. I don't know that that is a fair argument. But I would be the first to say that if the hotels make the commitment to this Body and to this Caucus, that by not raising the TAT they will maintain the current level of job employment and work hours, I'd be the first to say, 'Okay, let's not raise the TAT.'

"So, I just want to urge the Body to consider that if this measure falls through the cracks, given the size of the budget deficit that we have, the only other option that we would be considering is to take the TAT from the counties and allow the counties to raise their GET. The counties of course, would do a GET increase. So, I think the economy hasn't bottomed out, nobody's saying we've bottomed out, I don't know if that, at this point, is a wise decision. So please, Members, I ask for your support."

The Chair then addressed the Body, stating:

"Thank you, very much. Members of the House, we've had a lot of discussion on this measure. If you would like to submit written comments, or state your vote with reservations, for or against, you are given the opportunity at this time."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. Just some short comments in opposition, please."

The Chair responded, stating:

"I've already stated the position of the Chair. You can submit your written comments in the Journal at this point in time. If I allow you to speak, I'm going to allow all the Majority members to have their say too, if that's what this Body wants to do this afternoon. I wanted to get out by 1:00 because of Conference Committee meetings. So, I'm allowing you to submit your written comments."

At 1:13 o'clock p.m. Representative Finnegan requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:14 o'clock p.m.

At this time, the Chair announced:

"During this recess, we had a little discussion, and the Chair will allow the Minority Leader to give her remarks. I will also allow one member of the Majority Caucus to have their remarks. And finally, I'll ask Representative Ward for a correction. Representative Finnegan."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I'll make this fast because I know we have business to do. Mr. Speaker, in opposition. What I'm hearing in this debate is that revenue is what we're after. And so, I had a conversation with my husband, and he gave me a very good example, a local example of why we think this doesn't work. There was this 'buzz' back in the '80s or early '90s with the UH volleyball team, it was so exciting to go to their games. There were tens of thousands, or at least 10 or 15 thousand people going and attending these games. And this is in comparison to raising the TAT tax."

The Chair addressed Representative Finnegan, stating:

"Representative Finnegan. Okay, I don't see the correlation at this point, but please proceed."

Representative Finnegan: "And I will, just like Perry Mason, get to the point."

Speaker Say: "I thought your remarks were going to be very short."

Representative Finnegan continued, stating:

"Yes, and it will be very short. What had happened during this time when there were tens of thousands of people coming out to these games, it was exciting. People were coming out and supporting the UH Rainbow Wahine and UH men playing volleyball games. Then the ticket prices went up, and what happened? We were season ticket holders back then. Now, we don't have that kind of support for our teams. The 'buzz' is no longer there, even when they are having a good season, Mr. Speaker. And that's the point."

"When we take a look at this, we see revenue generation by adding more taxes to the rooms. I see revenue lost with this same bill, Mr. Speaker. It's going to kill the 'buzz' for people coming to Hawaii. And that's why we're so strongly against this, because we see the opposite effect of what this is going to do. Not revenue generation, but revenue depletion. Thank you, Mr. Speaker."

Representative M. Oshiro rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in strong support. I just want to set the record straight, Mr. Speaker. The sky is not falling. The end of the world is not at hand. And Hawaii's tourism industry will remain the top premier destination for world class travelers."

"Back in 1987, through June of 1994, the TAT was at 5%. Five cents on a dollar. We were struggling at that time, coming off a recession, dealing with the Gulf War, and SARS. It went from 5% to 6%, Mr. Speaker, back in 1994. It stayed that way for four years, and no one in this Chamber can tell me those weren't hard times. In fact, it was a recession here, locally and nationally."

"Mr. Speaker, and then it went up 1.25%, from 6% to 7.25%, in January 1999. And for the last 10 years, it has been at 7.25%. There has been no catastrophe, as far as our visitor counts. Mr. Speaker, this increase raises one penny on a dollar. Two cents on a dollar. \$1 more per day. \$2 more. People are not going to stop coming to Hawaii. We have the best bargains. We have the best industry. We have the best workers. We have the best attractions. So, let's get beyond the hyperbole, and the fear."

"We will raise from these measures approximately \$28 million in the first year, and \$60 million in the second year, Mr. Speaker. These will go to sustain the quality of life we all want for our constituents. And our visitors will help us pay for that."

"Mr. Speaker, we also know that the tourism industry is seeking assistance from us. They are seeking from us an additional \$10 million for marketing and promotion. And we would like to entertain them, Mr. Speaker, from the same money that this measure will raise."

"My second point, Mr. Speaker. They are also seeking an additional language clarification to help them access an additional \$5 million dollars

for further promotion during times like this. So, Mr. Speaker, this money does not come from the tourist visitors and go only to the general fund. A portion of this does go back to marketing tourism. It does go back to supporting our hotels. It does go back to supporting our industry. I think these are important points that need to be made. Thank you, Mr. Speaker."

Representative Ward rose to respond, stating:

"Thank you, Mr. Speaker, for the opportunity to set the record straight. I misspoke when I appealed to the Conference Committee as the next safety net, if you will, so we don't do what we're going to do. I want the record to reflect, and I stand corrected that I'm not appealing to the Conference Committee, but to the 5th Floor. Governor Lingle, veto this bill. Thank you."

Representative Souki rose to respond, stating:

"I just want to make a simple rebuttal, and I'm still with reservations. And with all due respect to the Chairman. The money that was increased in past years from the time when I was the Speaker and he was the Floor Leader, I believe, was used only for marketing purposes, and I'm speaking about the increase. This increase now is not for marketing. It's going to the general fund. That's the difference. Thank you."

Representative Belatti rose to speak in opposition to the measure, stating:

"Thank you. I just wanted to register my opposition and request to insert written comments. I would just note that my opposition isn't entirely in line with my esteemed colleagues of the Minority Party. Thank you."

Representative Belatti's written remarks are as follows:

"I rise in opposition to Senate Bill 1111, Conference Draft 1 which imposes a 1% increase on the Transient Accommodations Tax over a one-year period and another 1% increase on top of this for a five-year period. Tough times call for some tough decisions. This tax increase, however, is one decision we should not be making. This measure attacks one of the most important economic drivers in our State – the tourism industry – at a time when the industry is desperately trying to cut prices to maintain market share and keep our local people employed and our small businesses running. Although I recognize the pressing needs we have to address and the desire to fill the budget shortfall, this measure does far greater damage to the health of our statewide economy and I cannot support this measure."

Representative M. Lee rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative M. Lee's written remarks are as follows:

"Mr. Speaker, I rise in support of the measure to raise the Transient Accommodations Tax (TAT) to an unspecified amount with the increase amount to be deposited into the general fund."

"Peter Harkness, writing in *Governing Magazine* (Potomac Chronicles, March 2009) stated: "What's missing is serious talk about revenue. It seems to be an article of faith in Washington and across the country that increasing taxes in a recession is a bad idea. But is that true? If so, why is it that during the last recession, in the wake of the Bush administration tax cuts in 2001, economic growth was the weakest recorded by any administration in decades? On the other hand, President Clinton raised taxes during his first year in office and the economy boomed."

"The bottom line is, we need to find additional sources of revenue and this increase will be paid for by visitors and not our local residents. Many cities have much higher hotel room taxes including New York City and Atlanta."

"I urge the members' support."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1111, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed

Final Reading by a vote of 35 ayes to 14 noes, with Representatives Belatti, Berg, Brower, Carroll, Ching, Finnegan, Hanohano, C. Lee, Marumoto, McKelvey, Pine, Thielen, Ward and Wooley voting no, and with Representatives Bertram and Takai being excused.

At 1:24 o'clock p.m., the Chair noted that the following bills passed Final Reading:

H.B. No. 1741, HD 1, SD 1, CD 1
 H.B. No. 1747, HD 1, SD 1, CD 1
 H.B. No. 1175, HD 3, SD 2, CD 1
 H.B. No. 895, HD 2, SD 2, CD 1
 S.B. No. 1111, SD 1, HD 1, CD 1

STANDING COMMITTEE REPORTS

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 1860), recommending that S.C.R. No. 50, be referred to the Committee on Finance.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 50, entitled: "SENATE CONCURRENT RESOLUTION EXPRESSING LEGISLATIVE SUPPORT FOR THE ANE KEOHOKALOHE HIGHWAY EXTENSION, MID-LEVEL ROAD, IN THE COUNTY OF HAWAI'I," was referred to the Committee on Finance with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 1861), recommending that S.C.R. No. 109, be referred to the Committee on Finance.

Representative B. Oshiro moved that the report of the Committee be adopted, and that S.C.R. No. 109, be referred to the Committee on Finance, seconded by Representative Evans.

Representative Pine rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Pine's written remarks are as follows:

"Mr. Speaker, I rise in strong support for SCR109 to advance passenger ferry operations within my district of Ewa Beach. The Oahu Metropolitan Planning Organization has included a ferry service in the Illustrative Category of the Oahu Regional Transportation Plan 2030 that list the site of Hoakalei Resort and Marina as a potential passenger ferry service terminal.

"The marina listed in the Resolution is a privately constructed and owned marina and it appears the formulation of the marina will not have a deep enough channel at the mouth of the marina to accommodate certain hydrofoil watercraft and thus the marina not conducive to serve as a passenger ferry system similar to what was orchestrated by the State back in its Wikiwiki Ferry Pilot Program operating from Iroquois Point in the year 2000.

"The State and City should be poised to assist the private developer by encouraging the resort marina to be conducive to passenger ferry service and this Resolution is just one step to bringing this feature to Ewa Beach. Mr. Speaker, we welcome ferry operations in Ewa Beach to combat the amount of motor vehicle traffic on our area roads and this Resolution supports the concept be implemented."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.C.R. No. 109, entitled: "SENATE CONCURRENT RESOLUTION ENCOURAGING THE ESTABLISHMENT OF A FERRY SYSTEM FROM THE HOAKALEI RESORT AND MARINA IN EWA BEACH TO DOWNTOWN HONOLULU," was referred to the Committee on Finance with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representatives Souki and Morita, for the Committee on Transportation and the Committee on Energy & Environmental Protection presented a report (Stand. Com. Rep. No. 1862), recommending that S.C.R. No. 126, SD 1, be referred to the Committee on Finance.

Representative B. Oshiro moved that the report of the Committee be adopted, and that S.C.R. No. 126, SD 1, be referred to the Committee on Finance, seconded by Representative Evans.

Representative Rhoads rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, I just needed to request a ruling on a possible conflict of interest on Stand. Com. Report Number 1862, 'Expressing Support for the Electrification of Energy Efficient Transportation.' One of my wife's clients is Better Place, which is an electric car manufacturer. Thank you," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.C.R. No. 126, SD 1, entitled: "SENATE CONCURRENT RESOLUTION EXPRESSING SUPPORT FOR THE ELECTRIFICATION OF ENERGY EFFICIENT TRANSPORTATION SYSTEMS IN HAWAII," was referred to the Committee on Finance with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representative Tsuji, for the Committee on Agriculture presented a report (Stand. Com. Rep. No. 1863), recommending that S.C.R. No. 37, be referred to the Committee on Finance.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 37, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE DEVELOPMENT OF A PLAN FOR A STATE ORGANIC PROGRAM TO UNIFY THE STATE'S ORGANIC CERTIFICATION PRACTICES AND PROGRAMS," was referred to the Committee on Finance with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representative Tsuji, for the Committee on Agriculture presented a report (Stand. Com. Rep. No. 1864), recommending that S.C.R. No. 121, SD 1, as amended in HD 1, be referred jointly to the Committee on Higher Education and the Committee on Education.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 121, SD 1, HD 1, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE UNIVERSITY OF HAWAII COLLEGE OF TROPICAL AGRICULTURE AND HUMAN RESOURCES, IN COOPERATION WITH THE DEPARTMENT OF AGRICULTURE, DEPARTMENT OF EDUCATION, AND THE HAWAII FARM BUREAU FEDERATION, TO CONVENE A WORKING GROUP OF STAKEHOLDERS TO CONSIDER THE FEASIBILITY OF ESTABLISHING A FARM TO SCHOOL PROGRAM IN HAWAII'S PUBLIC SCHOOLS," was referred jointly to the Committee on Higher Education and the Committee on Education with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representative Carroll, for the Committee on Hawaiian Affairs presented a report (Stand. Com. Rep. No. 1865), recommending that S.C.R. No. 127, be referred to the Committee on Tourism, Culture, & International Affairs.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 127, entitled: "SENATE CONCURRENT RESOLUTION URGING THE PRESIDENT OF THE UNITED STATES AND THE UNITED STATES CONGRESS TO ADOPT THE UNITED NATIONS DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES," was referred to the Committee on Tourism, Culture, & International Affairs

with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representative Tsuji, for the Committee on Agriculture presented a report (Stand. Com. Rep. No. 1866), recommending that S.C.R. No. 38, SD 1, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 38, SD 1, HD 1, entitled: "SENATE CONCURRENT RESOLUTION URGING THE DEVELOPMENT OF A PLAN FOR INCREASING AID AND ASSISTANCE TO CERTIFIED ORGANIC FARMERS," was referred to the Committee on Finance with Representatives Bertram, Coffman, Har, Ito, Marumoto, Morita and Takai being excused.

Representative Tsuji, for the Committee on Agriculture presented a report (Stand. Com. Rep. No. 1867) recommending that H.R. No. 134, HD 1, be adopted.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and H.R. No. 134, HD 1, entitled: "HOUSE RESOLUTION REQUESTING THE COLLEGE OF TROPICAL AGRICULTURE AND HUMAN RESOURCES AT THE UNIVERSITY OF HAWAII TO STUDY THE FEASIBILITY OF PLANTING NON-GENETICALLY MODIFIED KALO IN THE REFLECTING POOL THAT SURROUNDS THE STATE CAPITOL BUILDING," was adopted, with Representatives Bertram, Coffman, Har, Herkes, Ito, Morita and Takai being excused.

Representatives Tsuji and McKelvey, for the Committee on Agriculture and the Committee on Economic Revitalization, Business, & Military Affairs presented a report (Stand. Com. Rep. No. 1868) recommending that S.C.R. No. 72, as amended in HD 1, be adopted.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 72, HD 1, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE UNITED STATES DEPARTMENT OF HOMELAND SECURITY TO COLLABORATE AND SHARE INFORMATION WITH THE DEPARTMENT OF AGRICULTURE TO PREVENT INVASIVE SPECIES FROM ENTERING THE STATE OF HAWAII," was adopted, with Representatives Bertram, Coffman, Har, Herkes, Ito, Morita and Takai being excused.

Representative Souki, for the Committee on Transportation presented a report (Stand. Com. Rep. No. 1869) recommending that S.C.R. No. 119, be adopted.

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the report of the Committee was adopted and S.C.R. No. 119, entitled: "SENATE CONCURRENT RESOLUTION RECOGNIZING THE IMPORTANCE OF BICYCLING," was adopted, with Representatives Bertram, Coffman, Har, Herkes, Ito, Morita and Takai being excused.

Representative Carroll, for the Committee on Hawaiian Affairs presented a report (Stand. Com. Rep. No. 1870) recommending that S.C.R. No. 66, SD 1, be adopted.

Representative B. Oshiro moved that the report of the Committee be adopted, and that S.C.R. No. 66, SD 1, be adopted, seconded by Representative Evans.

Representative Ching rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in strong support of S.C.R. 66 - Requesting the United States Postal Service to Issue a Stamp Honoring Prince Jonah Kuhio Kalaniana'ole. I believe Prince Jonah Kuhio

Kalaniana'ole deserves the merit of this Resolution. If you look at this man's body of work, you will see a man who served Hawaii without hesitation. Prince Jonah Kuhio Kalaniana'ole had many accomplishments throughout his life such as creating the Hawaiian Home Lands and being elected to Congress and serving on the Military Affairs Committee.

"In 1902 Prince Jonah Kuhio Kalaniana'ole founded the Republican Party in Hawaii and in doing so brought the principles and ideals of freedom and equality to the Hawaiian people. I can not think of a better person to have carried the torch of Abraham Lincoln to Hawaii than Prince Jonah Kuhio Kalaniana'ole. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.C.R. No. 66, SD 1, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THAT THE UNITED STATES POSTAL SERVICE ISSUE A COMMEMORATIVE STAMP HONORING PRINCE JONAH KUHIO KALANIANA'OLE," was adopted, with Representatives Bertram, Coffman, Har, Herkes, Ito, Morita and Takai being excused.

SUSPENSION OF RULES

On motion my Representative B. Oshiro, seconded by Representative Evans and carried, the rules were suspended for the purpose of reconsidering action previously taken in disagreeing to amendments made by the Senate to a certain House bill. (Representatives Bertram, Coffman, Har, Herkes, Ito, Morita, M. Oshiro and Takai were excused.)

RECONSIDERATION OF ACTION TAKEN

Representative B. Oshiro moved that the House reconsider its action previously taken in disagreeing to the amendments made by the Senate, and give notice of intent to agree to such amendments for the following House bill, seconded by Representative Evans.

H.B. 1414, HD 1, (SD 1)

The motion was put to vote by the Chair and carried, and the House reconsidered its action previously taken in disagreeing to the amendments made by the Senate, and gave notice of intent to agree to such amendments for the noted House bill. (Representatives Bertram, Coffman, Har, Herkes, Ito, Morita, M. Oshiro and Takai were excused.)

ANNOUNCEMENT

Representative Yamane, for the Committee on Health requested a waiver of the 48-hour advanced notice requirement for the purpose of hearing the following measures on Friday, April 24th, 2009, at 8:45 a.m. in Conference Room 229, and the Chair, "so ordered."

SCR 56, 'Requesting the Department of Health to Increase Education Efforts to Prevent and Eradicate Cervical Cancer.'

SCR 77, 'Paying Tribute to Representative Robert H. 'Bob' Nakasone and His Legacy, to Name One of the Maui Medical Facilities in His Honor.'

SCR 167, 'Supporting the Health Care Communities Efforts to Obtain Federal Funding for Health Information Technology Grants.' The recommendation for this measure is to replace the contents of this measure with the resolution, 'Supporting the Saint Francis Health Care System of Hawaii Plan for the Post-Bankruptcy Proceedings of Hawaii Medical Centers,' and

SCR 170, 'Requesting the Hawaii State Legislature to Convene a Hawaii Health Care Summit to Develop a Strategic and Comprehensive Plan for Health Care in Hawaii.'

ADJOURNMENT

At 1:28 o'clock p.m. on motion by Representative Evans, seconded by Representative Pine and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Thursday, April 23, 2009. (Representatives Bertram, Coffman, Har, Herkes, Ito, Morita, M. Oshiro and Takai were excused.)

HOUSE COMMUNICATIONS

House Communication dated April 22, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the House has reconsidered its action taken in disagreeing to the amendments made by the Senate on April 16, 2009, and gives notices of intent to agree to the following House bill:

H.B. No. 1414, HD 1, SD 1

House Communication dated April 22, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the House has made the following change to the conferees on the following measure:

H.B. No. 1059, Discharged all House conferees.
HD2, SD1

House Communication dated April 22, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the Speaker has this day appointed as Conferees on the part of the House, for the consideration of amendments proposed by the Senate to the following House bill:

H.B. No. 1782, Yamane/M. Oshiro, Co-Chrs.;
HD2, SD2 Karamatsu, Finnegan

House Communication dated April 22, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the following bills have this day passed Final Reading in the House:

H.B. No. 895, HD 2, SD 2, CD 1
H.B. No. 1175, HD 3, SD 2, CD 1
H.B. No. 1741, HD 1, SD 1, CD 1
H.B. No. 1747, HD 1, SD 1, CD 1
S.B. No. 1111, SD 1, HD 1, CD 1