

SIXTY-SECOND DAY

Friday, May 8, 2009

The House of Representatives of the Twenty-Fifth Legislature of the State of Hawaii, Regular Session of 2009, convened at 10:10 o'clock a.m., with the Speaker presiding.

The invocation was delivered by Representative Corinne W.L. Ching, after which the Roll was called showing all Members present with the exception of Representatives Bertram and Takai, who were excused.

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

GOVERNOR'S MESSAGES

The following message from the Governor (Gov. Msg. No. 343) was received and announced by the Clerk and was placed on file:

Gov. Msg. No. 343, dated April 20, 2009, transmitting the Hawaii State Public Library System's report on their maintenance and energy efficiency projects for the Fiscal Year 2007 and 2008, prepared by the Hawaii State Public Library System, Department of Education, pursuant to Section 86, Act 213, SLH 2007.

The following messages from the Governor (Gov. Msg. Nos. 344 and 345) were received by the Clerk:

Gov. Msg. No. 344, informing the House that on May 7, 2009, the following bill was signed into law:

S.B. No. 301, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII REGISTERED AGENTS ACT." (ACT 055)

Gov. Msg. No. 345, informing the House that on May 7, 2009, the following bill was signed into law:

H.B. No. 1175, HD 3, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION." (ACT 056)

The following messages from the Governor (Gov. Msg. Nos. 346 through 349) were announced by the Clerk and received for consideration at the end of today's calendar:

Gov. Msg. No. 346, transmitting H.B. No. 895, HD 2, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
May 7, 2009

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 895

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 895, entitled "A Bill for an Act Relating to Tax on Tobacco Products Other Than Cigarettes."

The purpose of this bill is to increase the tax rate on tobacco products other than cigarettes, including smokeless tobacco, snuff, cigars, and pipe tobacco.

This bill is objectionable because it contains major technical flaws that defeat the purpose of the legislation and will make it virtually impossible to implement.

First, this bill temporarily suspends the current 40 percent tax on all tobacco products other than cigarettes. Although this error may have been unintentional, it will, in effect, create a tax holiday for many tobacco products from the date the bill becomes law until September 29, 2009. This provision runs counter to the stated purpose of the bill and represents a major flaw that cannot be overlooked.

Second, provisions in this bill cannot be reconciled with existing statutes and proposed legislation to increase the tax on cigarettes. The bill sought to tax "little cigars" at a rate comparable to the cigarette tax rate and set forth the cigarette tax rate of 11 cents as of October 1, 2009, 12 cents on September 30, 2010, and 13 cents on September 30, 2011.

However, this language would lower the cigarette tax rate, which is supposed to go into effect on July 1, 2010 from 14 cents per cigarette to 12 cents per cigarette on September 30, 2010. Similarly, the bill would lower the cigarette tax rate that would go into effect on July 1, 2011 from 15 cents per cigarette to 13 cents per cigarette on September 30, 2011. It is questionable what the actual intent of the Legislature is and whether the Legislative Reference Bureau can properly reconcile these matters when codifying these provisions into statutes.

Finally, most retailers and manufacturers nationwide recognize a difference between large and small cigars and are accustomed to labeling them accordingly. This bill creates a new category of cigars, which would require Hawaii retailers to establish a different labeling system in order to calculate the correct tax. The tax is to be imposed based on the ring gauge size of the cigar. However, manufacturers and retailers are not required to identify the ring gauge of their product and the federally established labeling requirements on these products do not require that the size be listed. Further, the federal Bureau of Tobacco and Firearms uses weight rather than ring gauge for the purposes of determining the federal tax on these types of tobacco products. Thus, to impose the tax, the Hawaii Department of Taxation would have to measure the size of cigars themselves or require wholesalers or distributors to do so. This would be extremely burdensome for Hawaii wholesalers and retailers and may prove impossible to enforce.

My position against smoking and the encouragement of healthy lifestyles remains steadfast. Unfortunately, the technical flaws in this bill defeat its stated purpose to lower the usage of certain types of tobacco products.

For the foregoing reasons, I am returning House Bill No. 895 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 347, transmitting H.B. No. 1741, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
May 7, 2009

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1741

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1741, entitled "A Bill for an Act Relating to the Conveyance Tax."

The purpose of House Bill No. 1741 is to increase the rate of the conveyance tax on all transfers or conveyances of properties with a value of \$1,000,000 or more. This bill also reduces from July 1, 2009 to June 30, 2012, the distribution of conveyance tax moneys into the Rental Housing Trust Fund and the Natural Area Reserve Fund.

This bill is objectionable because it would discourage investments, adversely impact land transactions to promote business and housing development, and further slow our economic recovery by extracting money out of the pockets of families and businesses.

In the first quarter of 2009, sales of single family homes were down 35 percent compared to the first quarter of 2008. March 2009 was the 9th consecutive month of double-digit increases in Hawaii's foreclosure rate. Reversing these trends cannot be achieved by adding to the tax burden. Economic recovery depends on encouraging capital investment, yet this bill does the opposite.

Although there is the perception that only the wealthy will be impacted by this bill, the reality is this bill increases the conveyance tax by over 230 percent on purchases of commercial, industrial, and agricultural properties.

Legislators fail to recognize that the sale or purchase of non-residential property means properties are being conveyed that will provide space for a business, house the production of goods or services for consumers, and provide a site for employment of our residents.

What is equally unfortunate is the conveyance tax increase will also adversely impact affordable housing projects and non-profit organizations, including churches, schools, and youth organizations. For example, an affordable housing project like Kukui Gardens on Oahu, which sold for \$72 million, would pay \$504,000 or over half a million dollars more in conveyance taxes if this bill became law.

Even religious or non-profit organizations that are recipients of donated property would have to pay the higher conveyance tax rates on the property donation. Further, kamaaina landowners who are transferring larger properties for agricultural farms, housing development, and environmental programs would also be adversely impacted, if not discouraged, from doing the right thing when they are faced with tax payments 230 percent higher than current levels.

Whether it is the non-residential property that will house a business producing goods and services for consumers or a charity providing much-needed services in the community, this conveyance tax increase ultimately impacts everyone.

For the foregoing reasons, I am returning House Bill No. 1741 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 348, transmitting H.B. No. 1747, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
May 7, 2009

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1747

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1747, entitled "A Bill for an Act Relating to Taxation."

The purposes of House Bill No. 1747 are to increase the State income tax rates for certain income brackets and revise the standard deduction and personal exemption. The bill amends Hawaii's income tax law by (1) increasing the State income tax rates for income earners above a specified level for taxable years 2009 through 2015; (2) increasing the standard deduction amount and the allowable personal exemption amount, for taxable years 2011 through 2015; and (3) increasing the amount of the personal deduction by ten percent for the 2011 through 2015 tax period. The bill provides that no penalty or interest shall be imposed because of underpayment of taxes attributable to the increase in the tax rates. The bill also establishes a repeal (sunset) date of December 31, 2015.

This bill is objectionable because it increases the tax burden on Hawaii's families and small businesses by increasing the marginal income tax rate by as much as 33.3 percent. Hawaii currently has the eighth highest top personal income tax rate in the United States. By increasing the top marginal tax rate from 8.25 to 11 percent, this bill will make Hawaii the state with the highest personal income tax rate in the nation. Although there is the misconception that only wealthy people will be affected, this bill will adversely impact almost 37,000 persons, of which about 27,000 are sole proprietors, partnerships, or subchapter "S" corporations whose owners report their business income through personal income tax returns.

In this broad recession which affects both the wealthy and poor and where recovery depends on people investing, buying consumer goods, and donating to charities, a tax increase will put an unnecessary strain on everyone's pocket book. Small business owners who count their business income as personal income will find it more difficult to support and grow their enterprises. This could mean more business closures, layoffs, and fewer job opportunities.

Furthermore, these tax increases will make it more difficult to attract high caliber talent to Hawaii--professions such as psychiatrists, neurosurgeons, astronomers, or engineers--who earn higher salaries and who will be deterred by our high taxes as well as our high cost of living. In an economy in serious need of top quality talent and a kick start, this is a bad idea that is not worth the revenue impact this bill is expected to produce.

During these difficult economic times, when we need to take action to support our families and businesses, we should not be taking actions to balance the State budget at the expense of the taxpayers.

For the foregoing reasons, I am returning House Bill No. 1747 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 349, transmitting S.B. No. 1111, SD 1, HD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
May 7, 2009

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 1111

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 1111, entitled "A Bill for an Act Relating to Taxation."

The purposes of this bill are to increase the transient accommodations tax from 7.25 percent to 8.25 percent for the period July 1, 2009 to July 30,

2010, and to further increase the tax to 9.25 percent from July 1, 2010 to June 30, 2015. The money from this tax increase would be deposited into the general fund.

This bill is objectionable because an increase in the Transient Accommodations Tax will prolong our state's ability to recover its economic vitality. It will raise the cost of visiting Hawaii, discourage both leisure and business travelers, and comes at a time when Hawaii's hospitality industry is experiencing its steepest decline in 22 years.

Hawaii's economy cannot recover from the current economic recession without a recovery in tourism. Almost three-quarters of private sector employment in the State is linked, either directly or indirectly, to tourism. The 66.9 percent statewide hotel occupancy rate recorded this March represents a 16.6 percent plunge from a year earlier. It is the 13th consecutive monthly decline in an industry that employs over 100,000 residents of our state. These occupancy rates were only achieved after hotels and rental units slashed daily room rates more than 12 percent. Despite the efforts to keep hotel rooms occupied, the visitor industry has lost 6,200 jobs in the past 12 months. As our hospitality industry fights to keep workers employed, we should not make their job harder by raising the taxes they must pay to the State.

Some have argued that a Transient Accommodations Tax increase will not discourage visitors since a tax of 8.25 or 9.25 percent is still less than the double-digit room tax rates seen on the mainland. However, it must be noted that even as room rates continue to fall in Hawaii, the average room rate statewide is \$170 per night, whereas the average room rate nationwide is only \$100 per night. In real dollars, tourists have to pay more to come to Hawaii. According to the American Hotel and Lodging Foundation, Hawaii visitors pay an average of \$25.79 per night in lodging taxes versus the national average of \$12.69.

Passage of this bill has resulted in adverse coverage in the national press that has resulted in comments that Hawaii is trying to take our economic frustrations out on our visitors. As the State of Aloha that depends upon our hospitality for our economic well-being, this is the wrong message to be sending.

For the foregoing reasons, I am returning Senate Bill No. 1111 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. Nos. 787 through 791) were received and announced by the Clerk and were placed on file:

Sen. Com. No. 787, dated May 7, 2009, informing the House that the Senate has on May 6, 2009, reconsidered its action taken on April 29, 2009, in disagreeing to the amendments proposed by the House to the following Senate Concurrent Resolution and has moved to agree to the amendments, and that said resolution has this day been adopted:

S.C.R. No. 31, SD 2, HD 1, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A MANAGEMENT AND FINANCIAL AUDIT OF THE HAWAII PUBLIC HOUSING AUTHORITY'S MAINTENANCE CONTRACTS."

Sen. Com. No. 788, dated May 7, 2009, informing the House that the following bills have this day passed Final Reading in the Senate:

H.B. No. 34, SD 1, CD 1
H.B. No. 35, HD 1, SD 1, CD 1
H.B. No. 36, HD 1, SD 2, CD 1
H.B. No. 111, SD 2, CD 1

H.B. No. 128, HD 1, SD 1, CD 2
H.B. No. 183, HD 1, SD 2, CD 1
H.B. No. 200, HD 1, SD 1, CD 1
H.B. No. 300, HD 1, SD 2, CD 1
H.B. No. 343, HD 1, SD 2, CD 1
H.B. No. 371, HD 2, SD 2, CD 1
H.B. No. 381, HD 2, SD 1, CD 1
H.B. No. 427, HD 1, SD 1, CD 1
H.B. No. 541, HD 1, SD 1, CD 1
H.B. No. 586, HD 1, SD 1, CD 1
H.B. No. 610, HD 2, SD 2, CD 1
H.B. No. 690, HD 2, SD 2, CD 1
H.B. No. 754, HD 1, SD 1, CD 2
H.B. No. 876, HD 1, SD 2, CD 2
H.B. No. 899, HD 1, SD 1, CD 1
H.B. No. 900, HD 2, SD 1, CD 1
H.B. No. 975, HD 1, SD 1, CD 1
H.B. No. 982, HD 3, SD 1, CD 1
H.B. No. 983, HD 1, SD 2, CD 1
H.B. No. 986, HD 1, SD 1, CD 1
H.B. No. 989, HD 1, SD 2, CD 1
H.B. No. 994, HD 1, SD 2, CD 1
H.B. No. 1016, HD 2, SD 1, CD 2
H.B. No. 1045, HD 1, SD 2, CD 1
H.B. No. 1057, HD 1, SD 2, CD 1
H.B. No. 1071, HD 3, SD 2, CD 1
H.B. No. 1103, SD 1, CD 1
H.B. No. 1152, HD 1, SD 1, CD 1
H.B. No. 1166, HD 1, SD 2, CD 1
H.B. No. 1174, HD 3, SD 2, CD 1
H.B. No. 1271, HD 3, SD 2, CD 1
H.B. No. 1364, HD 1, SD 1, CD 1
H.B. No. 1405, HD 2, SD 2, CD 1
H.B. No. 1464, HD 3, SD 2, CD 1
H.B. No. 1471, HD 2, SD 1, CD 1
H.B. No. 1483, HD 1, SD 1, CD 1
H.B. No. 1495, HD 1, SD 1, CD 1
H.B. No. 1504, HD 1, SD 2, CD 1
H.B. No. 1525, HD 1, SD 2, CD 1
H.B. No. 1536, HD 2, SD 1, CD 1
H.B. No. 1544, HD 1, SD 1, CD 1
H.B. No. 1550, HD 2, SD 1, CD 1
H.B. No. 1552, HD 2, SD 2, CD 1
H.B. No. 1627, HD 2, SD 2, CD 1
H.B. No. 1628, HD 1, SD 2, CD 1
H.B. No. 1676, HD 1, SD 2, CD 1
H.B. No. 1678, HD 1, SD 2, CD 1
H.B. No. 1692, HD 2, SD 2, CD 1
H.B. No. 1713, HD 2, SD 2, CD 1
H.B. No. 1776, HD 1, SD 1, CD 1
H.B. No. 1807, HD 1, SD 2, CD 1
S.B. No. 21, SD 1, HD 1, CD 1
S.B. No. 43, SD 2, HD 2, CD 1
S.B. No. 91, SD 2, HD 2, CD 1
S.B. No. 109, SD 2, HD 3, CD 1
S.B. No. 199, SD 1, HD 1, CD 2
S.B. No. 266, SD 2, HD 2, CD 1
S.B. No. 292, SD 1, HD 1, CD 1
S.B. No. 387, SD 1, HD 1, CD 2
S.B. No. 389, SD 1, HD 2, CD 1
S.B. No. 415, SD 2, HD 1, CD 1
S.B. No. 423, SD 1, HD 2, CD 1
S.B. No. 427, HD 1, CD 1
S.B. No. 464, SD 2, HD 2, CD 2
S.B. No. 496, SD 2, HD 2, CD 1
S.B. No. 659, HD 1, CD 1
S.B. No. 884, SD 2, HD 1, CD 1
S.B. No. 892, SD 1, HD 2, CD 2
S.B. No. 914, SD 2, HD 2, CD 1
S.B. No. 971, SD 2, HD 1, CD 1
S.B. No. 972, SD 2, HD 1, CD 1
S.B. No. 1066, SD 2, HD 1, CD 1
S.B. No. 1107, SD 2, HD 2, CD 1

S.B. No. 1160, SD 2, HD 2, CD 1
 S.B. No. 1164, SD 2, HD 2, CD 1
 S.B. No. 1202, SD 2, HD 2, CD 1
 S.B. No. 1206, SD 1, HD 1, CD 1
 S.B. No. 1218, SD 2, HD 2, CD 1
 S.B. No. 1222, SD 1, HD 1, CD 2
 S.B. No. 1224, SD 1, HD 2, CD 1
 S.B. No. 1248, SD 1, HD 1, CD 1
 S.B. No. 1329, SD 2, HD 2, CD 1
 S.B. No. 1345, SD 1, HD 1, CD 1
 S.B. No. 1352, SD 2, HD 2, CD 1
 S.B. No. 1461, SD 2, HD 1, CD 2
 S.B. No. 1664, SD 2, HD 2, CD 1
 S.B. No. 1665, SD 2, HD 1, CD 1
 S.B. No. 1673, SD 2, HD 2, CD 1
 S.B. No. 1674, SD 2, HD 2, CD 1
 S.B. No. 1678, SD 3, HD 1, CD 1

Sen. Com. No. 789, dated May 7, 2009, informing the House that the Senate has on April 30, 2009, reconsidered its action taken on April 16, 2009, in disagreeing to the amendments proposed by the House to the following Senate Bill and have moved to agree to the amendments, and that said bill has this day passed Final Reading:

S.B. No. 876, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEE'S RETIREMENT SYSTEM."

Sen. Com. No. 790, DATED May 7, 2009, informing the House that the Senate has on April 29, 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. 522, SD 2, HD 1, entitled: "A BILL FOR ANN ACT RELATING TO LAND COURT."

S.B. No. 523, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY."

Sen. Com. No. 791, transmitting H.C.R. No. 199, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A PRIVATE PRISON PERFORMANCE AUDIT OF SAGUARO CORRECTIONAL CENTER," which was adopted by the Senate on May 7, 2009.

INTRODUCTIONS

The following introductions were made to the Members of the House:

Representative Wooley introduced her mom, Mrs. Marilyn Wooley, and her Office Manager, Ms. Arlina Agbayani.

Representative Magaoay introduced his Office Manager Mr. Lawrence Sagaysay, Administrative Assistant Ms. Judy Fomin and Community Liaison Ms. Diana Bonsignore.

Representative Nakashima introduced Mr. Roger Takabayashi, President of HSTA, and Mr. Leroy Simms, Hilo High School Athletic Director and HGEA Hawaii-at-large Director.

ORDER OF THE DAY

At this time, the Chair announced:

"Members, at this time we will go over the veto overrides. Madame Clerk, is there a Governor's Message for action?"

Representative Herkes rose, stating:

"Mr. Speaker, I rise on a point of personal inquiry. My understanding is that we're here to consider overriding four bills that the Governor vetoed yesterday. Are those revenue bills?"

The Chair responded, stating:

"Correct."

Representative Herkes: "So, if we don't override, there will be a significant deficit and the budget will be out of balance."

Speaker Say: "Correct"

Representative Herkes: "I assume then that she's submitted a plan as to how she's going to deal with that loss?"

Speaker Say: "No."

"Representative Herkes: "Mr. Speaker, I recommend then, that we just go home and let her figure it out."

Speaker Say: "At this time I believe Representative Herkes, your statement is out of order. We are going to be addressing these measures."

At this time, the Chair addressed the Clerk who announced that, Gov. Msg. No. 346, transmitting House Bill No. 895, HD 2, SD 2, CD 1, without her approval and a statement of objections, was ready for action.

Gov. Msg. No. 346 and H.B. No. 895, HD 2, SD 2, CD 1:

Representative B. Oshiro moved to override the veto of H.B. No. 895, HD 2, SD 2, CD 1, as contained in Gov. Msg. No. 346, seconded by Representative Evans.

Representative Thielen rose to speak in opposition to the override, stating:

"Thank you, Mr. Speaker, I'm rising to speak against the veto override, with strong, strong objections, and to say to the Members, please listen to what I say and please understand. Mr. Speaker, I have been one of the biggest advocates for taxing cigarettes in this Chamber. I think the Members, at least those of you who have been here more than one year, know that my oldest son almost died from second-hand smoke. And I know there's a direct correlation with tying higher cost of cigarettes into stopping young people from starting that destructive habit, that addictive habit.

"The problem with House Bill 895 has been identified in the Governor's veto message, and let me just tell you a little bit about that. There are serious technical flaws in House Bill 895 and it affects the relationship between this bill before us now and Act 56 of Session Laws of Hawaii 2009. Act 56 is the cigarette tax increase. It's a cigarette tax increase that will bring \$20 million into the coffers of the State. But more importantly Mr. Speaker, it's a cigarette tax increase that will stop young people from smoking.

"The veto message talks about certain consequences between the interaction of Act 56, our cigarette tax increase, and this bill, and how there could be a suspension of the tax on tobacco products and how it could lower the cigarette tax.

"We asked our research office to take a close look at this. And they, to my understanding, have seen the difference of opinion that's reflected within the Administration and the Department of Taxation and the Attorney General. In other words, the Department of Taxation, the Director, and the AG have differing opinions of what could be the consequences from overriding the Governor's veto. What could be the consequences of letting this bill become law.

"We know that we have a muddled situation. If we had had time to deal with all of the people and bring them to the table, we would have proposed

an amendment to the bill, which I would have presented to the Members and said, 'Save the cigarette tax, don't put it in jeopardy.'

"The big step that we will take, if you vote to override the Governor's veto, is that you threaten that increase on the cigarettes. The revenue gain that you'll gain from this little bill is \$1 million, versus \$20 million in the existing Act.

"If we're talking about balancing the budget, I would rather lose the \$1 million and let the Governor's veto stand and not jeopardize Act 56. And even more than that, I would like in addition to wanting to have that \$20 million, Mr. Speaker. I want that cigarette tax to be implemented, to be upheld and to stop young people from smoking.

"So those of you who support a cigarette tax should vote no on overriding the Governor's veto. And those of you who like to be able to let youngsters buy their cigarettes for less money and don't care about the \$20 million in our coffers, then you vote to override the Governor's veto. Thank you."

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

"Thank you Mr. Speaker. I'm standing in strong support. Mr. Speaker and Members, let's be clear. This measure is dealing with 'other than cigarettes.' We're talking about products like these: flavored cigars, grape flavored and sweet tobacco.

"Members, on April 1st, 2009, the federal government added on a tax to the little cigars at the same rate as cigarettes. Please let me highlight also for you that on these products, we have not raised the taxes on these products since 1965. That's over 40 years ago, Members.

"It has been proven and highlighted by the previous speaker, that cost is a deterrent for these products. Now there was discussion in the Governor's message regarding ring sizes. Standard cigar ring gauges and lengths. Members, I also want to state that in this website they say, traditional cigar shapes or formats vary greatly in size from brand to brand. So it is important to describe cigars by their dimensions, length and diameter, as well as by their shape.

"So Members, those of you who partake in this product know, on average, what the standard size of a cigar is. Let's be clear. We are trying to do a public health initiative with this tax increase. Members, remember that cancer, such as lung, oral cavity, larynx and esophagus cancers, are directly related to cigarettes, cigars and smokeless tobacco.

"Members, many of you may have friends and family that have been affiliated, who have had unfortunate experience of having loved ones suffering from lung cancer, heart disease, chronic obstructive pulmonary disease or COPD. Today's measure before you that we are looking at overriding, is trying to address an issue of these products targeting our young people.

"In a recent study among Hawaii public schools, it reports that smokeless tobacco use has increased from 2.8% in 2003, to 3.7% in 2007. Members, today before you, this is a revenue driven opportunity. However more importantly, this is a public health initiative. Thank you."

Representative Thielen rose to respond, stating:

"Thank you Mr. Speaker, in response. The bill jeopardizes Act 56. The Governor wisely vetoed it, and as she explained, there is certainly an unclarity in this bill. There's also a 'tax holiday' that the bill puts in for tobacco products from the day the bill becomes law until September 29, 2009.

"The bill is flawed, and it is absolutely imperative that we protect Act 56, which is the higher tax on cigarettes, if we're going to protect the health of our young people, our residents and our community at large.

"So those of you who want to see Act 56 stay in place and tax cigarettes at the higher rate, and protect that bill and protect that \$20 million, then those of you will vote no on the veto override."

At 10:29 o'clock a.m. Representative Takumi requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 10:38 o'clock a.m.

The Chair addressed Representative Takumi, stating:

"Representative Takumi, has your question been answered?"

Representative Takumi responded, stating:

"Mr. Speaker, thank you very much. I just wanted some clarification and I got it. Thank you, very much."

Representative Yamane rose to respond, stating:

"Thank you Mr. Speaker. Let me attempt to try to clarify the discussion. Again, I guess my initial statement was confusing, so let me restate it.

"This bill is Relating to Tax on Tobacco Products Other Than Cigarettes.' Mr. Speaker, when the descriptions and definitions and even the schedule for light cigars was established, we related it to the same schedule and time frame, as well as the same level of taxation to mimic the current tax on cigarettes, not to replace, Mr. Speaker. So there are two different products. One, cigarettes, and the second one again Mr. Speaker, are tobacco products like these, that are intended to attract our youth. Thank you."

Representative Thielen rose, stating:

"It's just a point of clarification, Mr. Speaker. Because of the recess discussions that we all had. The Administration has to implement this law. It says it has major flaws and it won't be able to implement it. It's a flawed bill, and vetoed for sound reasons because it's defective, and ..."

The Chair addressed Representative Thielen, stating:

"Representative Thielen, you stated your point. Please sit down at this point. This is your third time speaking."

Representative Thielen: "I'm trying to do a point of clarification Mr. Speaker."

Speaker Say: "And the clarification has been made before this Body."

Representative Thielen: "Thank you, Mr. Speaker. That bill is not going to go anywhere, but it jeopardizes the \$20 million ..."

Speaker Say: "Representative Thielen, you are out of order."

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

"Thank you, Mr. Speaker. I rise in opposition. Thank you, Mr. Speaker. We all know how important this issue is to the Representative from Kailua, so I think when she speaks, she's being very genuine in regards to supporting the veto because she is for the health consequences that she believes are in this bill.

"Mr. Speaker, I just wanted to address, after hearing the veto message, and hearing the arguments from the speaker from Kailua, as well as reading the veto message. The Chair of Health did not address or rebut the issue of the tax holiday or the flaw that this bill creates to the cigarette tax revenue and the consequences to health.

"Mr. Speaker, I was not privy to that conversation that took place on whether or not we're addressing that, or if that's something that we don't care about, but let's not be blind to doing the right thing. I encourage everyone on the Floor to be independent and support the Governor's veto."

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

"Mr. Speaker, I rise in support. Very briefly, I just wanted to counter this misinterpretation that somehow we've created a tax holiday, or there's an inconsistency. This is a very strange legal interpretation, because if you talk to the Statutory Revisor, the people that do our HRS, if anybody has actually gone through our HRS and read it, they would see that what happens when they go and put in various Acts, is various subsections have different effective dates at times, and that seems to have been the question. Act 56, HB 1175, had an effective date of June 30, 2009, whereas this is effective upon approval; the bill before us, House Bill No. 895.

"So I guess the question is, if one is saying it's effective upon approval, that would be today. And the other one says June 30, 2009. What happens if all of a sudden you're dealing with the same issue? And that would be a question, if we were dealing with the same issue, but we're not. It's very apparent, because, let me read the title of this. It says, "A Bill for an Act Relating to Tax on Tobacco Products Other Than Cigarettes." And so every single provision, ever single Ramseyer change, if people know how to read Ramseyer, is dealing with something not about cigarettes. HB 1175, because that's, 'Relating to Cigarettes,' deals with provision relating to cigarettes. I don't know how much more simple I can make it, but that's pretty much as clear as it will get. And the Statutory Revisor, they're really good. They'll figure out how to make it readable. Thank you."

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

"Thank you Mr. Speaker. I rise in opposition. I'm concerned about some of the ambiguity. I'm concerned about the technical flaws. I certainly wouldn't want to decrease our revenue."

Representative Ward rose, stating:

"Mr. Speaker, I yield my time to Representative Thielen."

The Chair responded, stating:

"No. She's already stood up three times, Representative Ward."

At 10:44 o'clock a.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 10:47 o'clock a.m.

Representative Finnegan rose to respond, stating:

"Thank you Mr. Speaker, still in opposition. In rebuttal to the Majority Leader, there are just two points that I would like to make and one is that, the bills touch on the same sections and refer to same sections in the HRS. and although I haven't been able to do a comparison, there's a probability from my point of view that I think that there could be exactly what the Governor says in her veto message.

"But more importantly, his accusation that the AG's Office does not read the HRS, is something that baffles me. I mean the AG's Office and everyone who works in the AG's Office, on a daily basis, or every work day at least, have to interpret and work in the HRS, constantly. All day long. And to think that we are more comfortable, or versed in the HRS and that the AG's Office is not, I think is not the right accusation to make. Thank you."

Representative B. Oshiro rose to respond, stating:

"Just a fast clarification. I never said the Attorney General doesn't read HRS. I just said, 'some of us.' Thank you."

At this time the Chair called for a roll call vote and the motion to override the veto of 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," as contained in Gov. Msg. No. 346 was put to vote by the Chair and carried, and was approved by the required

two-thirds vote of the House pursuant to Section 17 of Article III of the Constitution of the State of Hawaii on the following show of Ayes and Noes:

Ayes, 42: Aquino, Awana, Belatti, Berg, Brower, Cabanilla, Carroll, Chang, Chong, Choy, Coffman, Evans, Hanohano, Har, Herkes, Ito, Karamatsu, Keith-Agaran, C. Lee, M. Lee, Luke, Magaoay, Manahan, McKelvey, Mizuno, Morita, Nakashima, Nishimoto, B. Oshiro, M. Oshiro, Rhoads, Sagum, Saiki, Say, Shimabukuro, Souki, Takumi, Tokioka, Tsuji, Wakai, Yamane and Yamashita.

Noes, 6: Finnegan, Marumoto, Pine, Thielen, Ward and Wooley.

Excused, 3: Bertram, Ching and Takai.

At 10:51 o'clock a.m., the Chair noted that the motion to override the veto had carried, and H.B. No. 895, HD 2, SD 2, CD 1, as contained in Gov. Msg. No. 346, was approved.

At this time, the Chair addressed the Clerk who announced that, Gov. Msg. No. 347, transmitting House Bill No. 1741, HD 1, SD 1, CD 1, without her approval and a statement of objections, was ready for action.

Gov. Msg. No. 347 and H.B. No. 1741, HD 1, SD 1, CD 1:

Representative B. Oshiro moved to override the veto of H.B. No. 1741, HD 1, SD 1, CD 1, as contained in Gov. Msg. No. 347, seconded by Representative Evans.

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

"Mr. Speaker, in opposition. I rise in strong opposition to this bill that increases taxes. This measure would increase the Conveyance Tax from anywhere between 76% and 233% on the current level of Conveyance Tax on certain properties. It would also increase taxes anywhere between 14% and 250% on second-home buyers. These are substantial tax increases that will do great harm to our economy.

"Throughout this economic downturn, Hawaii has been fortunate to have a relatively stable real estate market. We did not, for instance, have as much problems with the subprime lending that hurt so many states in the Mainland.

"Unfortunately, things have taken a turn for the worst in Hawaii's real estate market. Since April of 2008, property values for single family homes and condominiums have dropped. I acknowledge that this is a modest decrease of 8.5% and 5.2%, however there are numbers that suggest that these numbers will fall even further. Sales of single family homes have fallen 26.2% since April 2008 and sales of condominiums have decreased 33% in that same time period.

"These falling sales numbers, Mr. Speaker, demonstrate that the sale of property has fallen considerably. The raising of the Conveyance Tax will only serve to make a bad situation even worse. A selling property will be more expensive. There is a good chance that sales could fall so much that we will not see the expected revenue increase from this bill.

"There is even worse news in the area of foreclosures. Hawaii has consistently been ranked in the top 10 states in terms of foreclosure filing for every household. Now we are in a freefall. Just this past March, Hawaii foreclosures increased 503%. When compared to the other states, that increase was second only to North Dakota. Now Hawaii is ranked in the middle of the pack of foreclosure rates on all states, and we could fall to the bottom half very soon.

"The numbers are very clear, Mr. Speaker. Real estate is in trouble. Yet instead of helping this industry, we will do just the opposite through this bill. This tax increase means an increase of the cost of homeownership because it will apply to the price that the property is sold for. It will only add to the already high prices in Hawaii. Moreover Mr. Speaker, it will harm businesses.

"Properties purchased for use by businesses are already subject to higher-tier Conveyance Tax, as businesses are not eligible for a county homeowner's exemption on property taxes. The result of all of this would, as the Governor put it, discourage investments, adversely impact land transaction to promote business and housing development, and further slow our economic recovery by extracting money out of the pockets of families and businesses.

"Some say that this bill only affects the very rich. But this is a very narrow view. I come from a very large Filipino family Mr. Speaker, and there are certain people in our family that have the type of credit that would allow us to buy homes. So several of us in our family, especially my grandmother, own multiple homes so that others can live in these homes, who according to a lender would not be accepted as that home buyer.

"My grandmother is now nearing an age where we're starting to consider selling the other properties, but because of this, she would be charged. And these properties she bought for \$50,000 and they just so happen to now be in areas that are considered wealthy.

"The tax increase is not just limited to residential property. It also applies to nonresidential property such as commercial, industrial and agricultural. This leads to higher taxes on properties that house a business. This means additional cost of this tax will eventually make its way down to the common every day consumer through additional costs on goods and services.

"Furthermore Mr. Speaker, this bill will harm all types of businesses. For instance, if a nonprofit organization buys a building that cost \$4 million for its headquarters, instead of paying \$12,000 in Conveyance Tax, it will have to pay \$28,000 in Conveyance Taxes, over 130% more thanks to this bill's tax increase. That's \$28,000, or part of that, that would have gone instead to helping the poor or the homeless or the elderly.

"Not only does this bill harm property buyers, it hurts renters as well."

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

Representative Pine continued, stating:

"For starters, it temporarily reduces from 30 to 25% the distribution of the Conveyance Tax revenue to the Rental Housing Trust Fund. That trust fund has been instrumental in the creation of thousands of affordable rentals over the years. This 17% decrease will hinder the State's ability to produce new affordable rental units that the State desperately needs.

"The slumping economy is causing people to lose jobs and putting people on the street. They need affordable housing options and we cannot take that away from them. Again, we accomplish the opposite through this bill.

"Secondly, because rental properties also fall under this tax increase, affordable housing projects will be further hurt by this measure. In her veto message, the Governor used the example of Kukui Gardens, stating that an affordable housing project like Kukui Gardens that sold for \$72 million, will now cost \$500,000, over half a million dollars more in Conveyance Taxes, if this bill became law. And \$500,000 could have been used to help someone, or an individual or a family, buy that rental in Kukui Gardens.

"Mr. Speaker, if we are to quickly recover from this economic downturn, we cannot continue to take money out of the economy. Yet through this bill we will do just the opposite. And this will mean a further delay in our economic rehabilitation. This is just bad for business, bad for the economy, and it won't help Hawaii's recovery.

"I think the Tax Foundation of Hawaii summed it up when he talked about this bill, and he did it the best way: "This bill perpetuates the concept that Hawaii is certainly a tax hell."

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

"Thank you, Mr. Speaker. I rise in support of the override and I would like to comment on the veto message from the Governor regarding affordable housing projects. But before I go there Mr. Speaker, I just want to disclose to this House that I own several houses on Oahu and I even own several commercial apartment rentals. And this bill will affect me adversely. It will be a few thousand dollars for me. But in the absence of any other means to balance the budget, I wholeheartedly supported it, because when I got elected, I said, I will serve the people of Hawaii. And this measure is necessary, Mr. Speaker.

"Now with the affordable housing projects, it says that the bill would adversely affect it. First of all, affordable housing projects are built in collaboration with other projects, multi-million dollar projects. They are a part of it. But let's not forget that the affordable section of it is usually subsidized with tax credits. It would be very difficult to isolate the affordable housing projects when we transfer those properties. And yes, the developers need to pay Conveyance Tax on these affordable housing projects, because I think that we, as the government, gave them incentives to build.

"I think it's a bad analogy to bring affordable housing in here, because if it costs over a million dollars for the affordable housing, then it's a fraudulent affordable housing project. I don't think it should be affordable in that case. We're only taxing houses that are over \$1 million.

"Let's take Kukui Gardens. That was part of this example here. First of all the transfer Conveyance Tax was waived. When it's sold the other units, it will not be over \$1 million when they do transfer those. So I urge my colleagues here to think beyond this veto message, and I think that we're doing something fair for the people of Hawaii. Thank you, Mr. Speaker."

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

"Mr. Speaker, I rise in support. Mr. Speaker, this bill raises the Conveyance Tax for sales over \$2 million, and second or investment house purchases. It's expected to generate \$8 million combined in fiscal years '10 and '11 from the Conveyance Tax increase on only the highest priced real estate.

"Here's a breakdown for the amount of real estate transactions. Between \$2 million and \$4 million, you would pay 20 cents more per \$100 of value. That means at \$2 million, you will pay \$4,000 more, or one-fifth of 1% more.

"Between \$4 million and \$6 million, you would pay 40 cents more per \$100 of value. That is at \$4 million, you would pay \$16,000 more. That's two-fifths of 1% more.

"Between \$6 million and \$10 million, you would pay 60 cents more per \$100 of value. That means at \$6 million, you would pay \$36,000 more, three-fifths of 1% more.

"Greater than \$10 million, you would pay 70 cents more per \$100 of value. That is at \$10 million you would pay \$70,000 more. Seven-tenths of 1% more.

"Additionally, this bill is expected to generate \$6 million combined in fiscal year '10 and fiscal year '11 from the redistribution of funds going to the Rental Housing Trust Fund and the Natural Areas Trust Fund.

"Now how does this bill affect the budget? It's very important. We were able to restore items such as the following, which were cut by the Governor and were priorities of our subject matter Committees. Restored were the following: \$500,000 in fiscal year '10 and '11 for invasive species support; \$379,480 in fiscal year '10 and fiscal year '11 for regional stream studies; \$51,312 for a geologist position in the water resources program; \$90,000 in fiscal year '10 and '11 for Anuenue Fisheries Research Center; and \$44,000 in fiscal year '10 and '11 for historic preservation, something I know that is dear to the hearts of most of us.

"So Mr. Speaker, I urge the Members support of this bill and I hope the people will vote to override the veto."

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

"Thank you Mr. Speaker, in strong support. I wanted to take a few minutes and just paint the bigger picture, a frame of reference for people. I think we have to be reminded that we don't have high property taxes in Hawaii. And why do we not have high property tax? One of the reasons is because State government takes on a lot of responsibilities that in places on the mainland, the local township or the local county or the local city takes on.

"We have a huge amount of responsibility for our roads, for our airports, for our Department of Education, higher education. We do a lot of services for the public. And what strikes me is that, when I looked at this bill, to think, currently in law it says, 30 cents per \$100 for properties with the value of \$1 million or greater. That's it. We have not updated this law in so many years, and the value of properties have skyrocketed so much. Now when you look at this bill, it says 50 cents per \$100 for properties with a value of at least \$2 million, but less than \$4 million; 70 cents per \$100 for properties with the value of at least \$4 million, but less than \$6 million; 90 cents per \$100 for properties with a value of at least \$6 million, but less than \$10 million; and \$1 dollar per \$100 for properties with a value of \$10 million or greater.

"It's phenomenal that we are, even today in this Chamber, saying that we have properties out there worth more than \$10 million. And what do those \$10 million properties, those taxpayers want? They want good roads. They want basically, good police and fire protection. They want to make sure that they feel safe and sound. They have a good quality of life. They want their beaches protected. They want good water quality. They want all those things that the rest of us have. But I will claim to you that those people are not having a problem with this bill. Thank you."

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

"Thank you, Mr. Speaker. In opposition. I'm glad the Majority Floor Leader pointed out that our county taxes are low, but I would like to remind her that the counties here in Hawaii do not have to provide for education or health services as mainland counties have to do, and other expenses, because the State takes care of them. We have a nice State income tax that takes care of a lot of things, not to mention an awesome money-making General Excise Tax machine.

"But we're dealing with the Conveyance Tax right now, and I am opposed to overriding the veto mainly because not only does this bill hit us where we live, but it hits us where we work. I would like to remind all of you that this will cover restaurants, factories, hotels, stores, offices, warehouses, farms and ranches. It will increase the cost of purchasing these places of work and increase the cost of doing business and increase the cost to consumers. Thank you."

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

"Mr. Speaker, in support. I just wanted to reiterate one of the points that the Chair of the Committee on Housing made that has to do with Kukui Gardens. Kukui Gardens of course, was an affordable housing project that the State bought a part of a couple of years ago. In that transaction, the Conveyance Tax was waived. So if the same transaction had occurred today, there would be no Conveyance Tax because the Conveyance Tax was waived. This bill does nothing to alter the waiver authority that the State has in that situation. So there wouldn't be \$504,000 more dollars because the State could still waive the fee if they chose to in a particular situation like that. Mahalo."

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

"Thank you, Mr. Speaker. I am in opposition, and I have two points to make. Mr. Speaker, I understand the example that the Chair of Labor and Chair of Housing were mentioning about Kukui Gardens, but that is an example. We would have to, instead of having some kind of exemption for nonprofits, or churches, or affordable housing that would give a clear distinction of who gets taxed when properties are conveyed. This does not

have that. So that very well could be that projects like that, like Kukui Gardens, would be taxed at an additional at whatever amount that was mentioned earlier.

"Mr. Speaker, and I just wanted to also talk about the Chair of Housing. I was a little puzzled by her mentioning that affordable housing doesn't cost \$1 million. Well, if it's affordable housing as a project, and when it gets conveyed, just like commercial units, if you don't sell maybe every single unit in a commercial building, it's the project as a whole. So that's the same thing as affordable housing. It's possible to have a project that sells for over \$1 million. And so that's what I believe the Governor's message was trying to address.

"Mr. Speaker, in my history with real estate and mortgages, one of the things that I've seen in Hawaii, and this is commonplace Mr. Speaker. We talk about \$2 million properties, commonplace, over and over again, that I would see people who are asset rich, but cash poor. They own a home in Manoa, own a home in wherever else. Asset rich and cash poor. That doesn't mean that they can afford another \$4,000 in Conveyance Tax. Some of those people are parents or grandparents. I remember one of my clients, she thought that she could go to the store and buy shrimp that week when I refinanced her. It was so interesting to see Hawaii very unique in the middle of the ocean, and be so asset rich and so cash poor.

"So Mr. Speaker, those are the reasons why I'm going 'no' on this bill. Thank you."

The Chair then announced:

"Members, at this time, we will be taking a roll call vote once more."

Representative Ward rose, stating:

"Mr. Speaker, a point of information. Did someone call for a roll call, or was that from you?"

Speaker Say: "I called for it. On all overrides, there is a roll call vote that is required."

At this time the Chair called for a roll call vote and the motion to override the veto of H.B. No. 1741, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX," as contained in Gov. Msg. No. 347 was put to vote by the Chair and carried, and was approved by the required two-thirds vote of the House pursuant to Section 17 of Article III of the Constitution of the State of Hawaii on the following show of Ayes and Noes:

Ayes, 39: Aquino, Awana, Belatti, Cabanilla, Carroll, Chang, Chong, Choy, Coffman, Evans, Hanohano, Har, Herkes, Ito, Karamatsu, Keith-Agaran, M. Lee, Luke, Magaoay, Manahan, McKelvey, Mizuno, Morita, Nakashima, B. Oshiro, M. Oshiro, Rhoads, Sagum, Saiki, Say, Shimabukuro, Souki, Takumi, Tokioka, Tsuji, Wakai, Wooley, Yamane and Yamashita.

Noes, 9: Berg, Brower, Finnegan, C. Lee, Marumoto, Nishimoto, Pine, Thielen and Ward.

Excused, 3: Bertram, Ching and Takai.

At 11:15 o'clock a.m., the Chair noted that the motion to override the veto had carried, and H.B. No. 1741, HD 1, SD 1, CD 1, as contained in Gov. Msg. No. 347, was approved.

At this time, the Chair addressed the Clerk who announced that, Gov. Msg. No. 348, transmitting House Bill No. 1747, HD 1, SD 1, CD 1, without her approval and a statement of objections, was ready for action.

Gov. Msg. No. 348 and H.B. No. 1747, HD 1, SD 1, CD 1:

Representative B. Oshiro moved to override the veto of H.B. No. 1747, HD 1, SD 1, CD 1, as contained in Gov. Msg. No. 348, seconded by Representative Evans.

At 11:16 o'clock a.m. Representative McKelvey requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 11:16 o'clock a.m.

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

"I rise in opposition to this veto override of the tax increase for House Bill 1747. I'd like to read part of the Governor's veto message:

'This bill is objectionable because it increases the tax burden on Hawaii's families and small businesses by increasing the marginal income tax rate by as much as 33 percent. Hawaii currently has the eighth highest top personal income rate in the United States. By increasing the top marginal tax rate from 8.25 percent to 11 percent, this bill will make Hawaii the state with the highest personal income tax rate in the nation. Although there is a misconception that only wealthy people will be affected, this bill will adversely impact almost 37,000 persons, of which 27,000 are sole proprietors, partnerships, or subchapter 'S' corporations whose owners report their business income through personal income tax returns.'

That's business income.

'In this broad recession which affects both the wealthy and the poor and where recovery depends on people investing, buying consumer goods, donating to charities, a tax increase will put an unnecessary strain on everyone's pocket. Small business owners who count their business income as personal income will find it more difficult to support and grow their enterprises. This could mean more business closures, layoffs, and fewer job opportunities.

'Furthermore, these tax increases will make it more difficult to attract high caliber talent to Hawaii--professionals such as psychiatrists, neurosurgeons, astronomers, or engineers--who earn higher salaries and who will be deterred by our high taxes, as well as our high cost of living. In an economy in serious need of top quality talent and a kick start, this is a bad idea that is not worth the revenue impact this bill is expected to produce.

'During these difficult economic times, when we need to take action to support our families and our businesses, we should not be taking actions to balance the State budget at the expense of the taxpayers.'"

Representative Chong rose to speak in support of the override, stating:

"Thank you Mr. Speaker, in support of the override. Thank you, just some clarification on this bill. First of all, it will generate about \$48 million as tax increase on income for the top 2% of earners in Hawaii. This means this will not raise taxes for 98% of tax earners.

"Just so everybody's clear, there will be no tax changes for individuals who earn less than \$150,000 a year; heads of household with taxable income less than \$225,000 a year; or joint filers with taxable income less than \$300,000 a year.

"Mr. Speaker, let me clarify two terms which have been used by the prior speaker, as well as the Governor. First of all, taxable income. People need to be very clear that this is not one's gross wages. This is after your deductions. So if as a joint filer you have taxable income over \$300,000, your gross wages are likely quite much more than that.

"Secondly is the issue of marginal tax rate, and that was in the Governor's declaration. Because people are misconceiving, or trying to give a different impression of what the increase really is. A marginal tax rate is exactly that – you pay based on the margin of the additional bracket. So as an example, the person who earns \$40,000 a year and the person who earns \$1 million a year, those two people pay the same amount of taxes on the first \$40,000 of their income. So even the millionaire pays at the same rate for the first \$40,000 of their income as a person who earns \$40,000 overall.

"So the increase is only on the marginal rate above, now, \$150,000 for an individual, \$225,000 for head of household, and \$300,000 for joint filers. The new higher rate does not apply to their whole income, just on the income above that rate.

"Next, based on Hawaii's 2006 income tax data, again, this will only apply to a little over 2% of taxpayers.

"The other thing that people have not talked about is we have increased the standard deduction and the personal exemption by 10%. This will happen in 2 years, and if I'm not mistaken, it covers maybe at least 40% of all taxpayers. About half of us itemize, half of us take the standard deduction on the personal income tax.

"Also, for people who this will affect, these individuals took home \$6 billion, or 41.6% of the total annual income declared in 2002. Now, what does this help us do? This helps us balance our budget, but also it helps us provide services to the public for a whole host of important things. Whether it be dental services for those who cannot afford it, especially the elderly and the needy. Immigrant health services, which needed to be restored. Things like Keiki Care, and most importantly, Medicaid, which many people in our State rely on.

"I think that this is a good bill, and again it only affects the top 2% of income earners in the State. I ask the Members to support it."

At this time the Chair called for a roll call vote and the motion to override the veto of H.B. No. 1747, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," as contained in Gov. Msg. No. 348 was put to vote by the Chair and carried, and was approved by the required two-thirds vote of the House pursuant to Section 17 of Article III of the Constitution of the State of Hawaii on the following show of Ayes and Noes:

Ayes, 35: Aquino, Awana, Cabanilla, Carroll, Chang, Chong, Choy, Coffman, Evans, Har, Herkes, Ito, Karamatsu, Keith-Agaran, M. Lee, Luke, Magaoay, Manahan, Mizuno, Morita, Nakashima, B. Oshiro, M. Oshiro, Rhoads, Sagum, Saiki, Say, Shimabukuro, Souki, Takumi, Tokioka, Tsuji, Wakai, Yamane and Yamashita.

Noes, 12: Belatti, Brower, Finnegan, Hanohano, C. Lee, Marumoto, McKelvey, Nishimoto, Pine, Thielen, Ward and Wooley.

Excused, 4: Berg, Bertram, Ching and Takai.

At 11:26 o'clock a.m., the Chair noted that the motion to override the veto had carried, and H.B. No. 1747, HD 1, SD 1, CD 1, as contained in Gov. Msg. No. 348, was approved.

At this time, the Chair addressed the Clerk who announced that, Gov. Msg. No. 349, transmitting Senate Bill No. 1111, SD 1, HD 1, CD 1, without her approval and a statement of objections, was ready for action.

Gov. Msg. No. 349 and S.B. No. 1111, SD 1, HD 1, CD 1:

Representative B. Oshiro moved to override the veto of S.B. No. 1111, SD 1, HD 1, CD 1, as contained in Gov. Msg. No. 349, seconded by Representative Evans.

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

"Mr. Speaker, I rise in strong opposition to this override. Mr. Speaker, what if I arrived at the airport, I had a temperature of 101 degrees F, I was dizzy, I was headachy and I was vomiting. What would you do? First we'd find out is it true? Was I faking it, or was it real? And then you would probably take action. But Mr. Speaker, I would submit that we are looking at a sick patient, the tourism industry, and denying that there's vomiting, that there's a temperature, that it's sick.

"For example, take the symptoms for example. We're in the steepest decline in 22 years, the visitor industry. The occupancy rate last month

was 66%. You know what break-even analysis is. We're bumping right up close to break-even on this. March was the 13th consecutive monthly decline. That's a real trend line when you've got 13 in a row. We've had 100,000 residents working in the visitor industry. It's still the king of our economy. It's still the driver of the economy. And the hotel industry, in order to ameliorate this decline and this sickness has already cut rates 12%. Mr. Speaker, is now the time to add 2% on to the TAT tax?

"This revenue generated in 2010 will be \$29 million. But we are jeopardizing \$12.5 billion that it brought in, in 2008. The problem with this bill is that it will prolong our State's ability to recover its economic vitality. And Mr. Speaker, let us be very frank about this, if tourism doesn't recover, *Hawaii nei* doesn't recover. That's a very key connection. These two are linked. So why are we jeopardizing this? Why are we taking the risk? Is this not penny-wise and pound-foolish? If this is the goose that's laying the golden egg, why do we want to possibly deny that it's sick? We want to push it and we want to keep it in full production.

"Mr. Speaker, I think we need a new Hippocratic Oath for the visitor industry. That is, 'do no harm.' I know we've lived off of our good looks for quite awhile. We're always assuming because we're Hawaii, they'll come. We've seen what's happened to the Japanese visitor. They used to be here in the millions. Now they have a steep decline over the last 5 years, increasingly going to less expensive places, increasingly going to more attractive, competitive places. Just because we're good looking, that doesn't mean we're always going to have suitors waiting for a chance to come to Hawaii. Mr. Speaker, we cannot take our industry for granted.

"And lastly Mr. Speaker, I would say to our colleagues on the Floor, this is our last chance to not be labeled one of the biggest tax increase Sessions in the history of the State of Hawaii, in the history of this Legislature. Please vote on the side of the people. Please vote not to override this veto. Thank you, Mr. Speaker."

Representative Herkes rose to speak in support of the override, stating:

"Mr. Speaker, in support. And I think the previous speaker ought to make up his mind. Now he's supporting tourism. For the last two weeks he's been trashing hotel jobs. 'We don't want our people folding sheets and making beds.' Those are good jobs."

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

"Thank you Mr. Speaker, I rise in support. First of all, I find it hard to believe that our HTA and our Administration would actually send the message out around the world that we're too expensive to come to Hawaii. When you really look at the reality of this bill, if this bill passes, on July 1st, \$1 on \$100 is the impact. Unbelievable. When she was talking about the flu and the problem with coming to Hawaii because maybe there's swine flu out there, I want you to know that the swine flu and the fact that people's savings accounts got in a lot of trouble this year because of what happened with the global economy, the meltdown of the economy. We know that things have slowed down. They haven't slowed down and they will not slow down because of \$1 on \$100.

"When I really reflected on this, what I realized is to keep our tourist industry really whole in the next year as we go through this global situation, how we're going to recover globally, and how people are going to feel more confident in traveling, we're going to deal with the 'swine flu.' Everybody's going to feel comfortable that we've taken care of things when people travel around the world.

"In the meantime, until people's confidence gets back, what's going to hold the tourist industry is us. We need to fly around. We need to go. The people from Oahu need to vacation on Kauai. People on the Big Island need to go to Molokai. They need to travel within their State. They need to feel good about what's here. It's a beautiful State. And I encourage everybody to go and travel this year. That's how we support each other.

"But let me put this in perspective for everybody out there. If a family of 4 traveled from Oahu to Kauai, they would get a *kama'aina* rate. We called some of the places over there. We even found a place for \$88 a night for a 2 bedroom suite. But we rounded it off for people here. \$100 a night.

Currently, if you traveled there, for \$100, you would pay currently 7.25% TAT tax, and a GET tax of 4.167%. Therefore, to go to Kauai, one night stay, \$111.42.

"When this bill passes, on July 1st, 2009, your one night stay would be \$112.42. That's \$1 more. On July 1st, 2010, it goes up another 1%. That means on July 2010, after July 1st, your cost would be \$113.42. We're talking \$2 more in July 2010. And I claim to you, our people here understand the challenges we had on balancing our budget. Yes, there were cuts, a lot of program cuts, but also there are a lot of services that people need in Hawaii.

"And I claim to you that this was a much better route than looking at that GET tax. Because if our family of 4 had gone to Kauai and we had raised the GET tax, they would still be paying \$1 more on a \$100 for that room rate, and also paying 1% more on the food they ate at the restaurant, if they bought a souvenir, if they wanted to go for a boat ride or a tour ride, if they wanted to rent a car, they would have paid more for all of those things. For that matter, I think this was a good compromise, a good way to try to deal with the problems we have this year. Thank you Mr. Speaker."

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

"You know, there are a lot of people watching and saying that we just don't get it, do we. In opposition of the override. In opposition of this very, very bad bill, Mr. Speaker.

"Throughout this Session I've been sitting here and a tax increase has been described as, 'It's just a Starbucks.' Another speaker earlier said, 'It's just \$4000 more.' 'It's just \$1.' There're people out there saying, 'You just don't get it.' It's an addition for this \$1, since Hawaii has an average of \$170 a night, compared to the \$100 nationwide. We're not just \$1 more, we're \$70 more than the average night stay. So, a family will come to Hawaii, not only will they buy that very expensive plane trip, not only will they be paying our ridiculous GET sales tax that charges us several times over. Not only will they be paying one of the highest gas taxes in the nation, but they're also not going to just pay \$1 more, for a 5 day stay, they're going to be spending almost \$400 more than the average hotel stay for the same trip. You add all the plane trips for that family of 4, and you're look at a trip that costs between \$3000 and \$4000.

"You know earlier, a lot of people said, 'Well in New York, they have higher taxes than us.' Well let's look at New York. According to the New York City tourism agency, the top 5 places of tourist origin were from New York, Philadelphia, Hartford, Boston and Washington DC. In other words, the majority of the New York City tourists came from less than 5 hours away by car and 2 hours away by plane.

"Only 54% of overnight visitors actually stayed in hotels. 30% lodged in a private home. The average length of stay in New York City was 2.2 days, 51% of the tourists only take day trips.

"On the contrary, the top 3 states sending visitors to Hawaii were California, Washington and Texas. All had to get on a very lengthy and expensive plane ride. The average length of stay in Hawaii was between 9 and 13 days, depending on the visitor's origin. You cannot take a day trip to Hawaii.

"So according to the \$1 rule, if we actually extended it to 9 to 13 days, a family of 4 can spend thousands of dollars more, not just \$1 according to the national average. Bottom line, Hawaii's tourism market is completely different, not to mention a good deal of New York City tourists don't spend the night in a hotel. Probably because of the high taxes."

Representative Chong rose to speak in support of the override, stating:

"Thank you, Mr. Speaker. In support, and just a clarification. You know, there's a lot of numbers being thrown around at this time. And just to follow up on what the Majority Floor Leader said. Again, it's \$1 a day for every \$100. If I'm not mistaken, it was either for March or April, the average hotel room rate was \$183. That means \$1.80 more per day. For 5 days, that is \$9 more for a 5 day trip. I don't know where somebody got

\$400, but \$1.80 for the average room rate of \$180 or so, times 5, is \$9 for a 5-day stay. Thank you."

Representative Pine rose to respond, stating:

"Again, it's not just \$1 that we're paying on average more than other places throughout the nation. I think leaders have been saying, 'It's just \$1' for about 50 years now, whenever we want to raise a tax or a fee that will affect the people of Hawaii.

"I'm very emotional about this bill, because the largest union in my district comes from the Hotel Workers Union. And they are very worried. They don't see it just as the \$1. They see what it was like when the gas fares went up. And they saw a decline in visitors coming. They saw their brothers, their sisters, their cousins, their aunts, their uncles getting laid off during that time. It isn't just \$1. This is their life. And to simplify it in terms of just \$1 is so insulting to them, because they've been hearing that, 'It's just \$1' for years. This is their life."

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

"Thank you, Mr. Speaker. I stand in strong support of overriding the Governor's veto on this bill. There are a couple of points I need to make. First of all Mr. Speaker, there is a benefit to this bill that is connected to House Bill 754, which was approved by this Body yesterday and sent to the Governor. Two points need to be made there, and the industry knows this Mr. Speaker.

"Number one, in House Bill 754, there is a provision, which is very important to the tourism industry regarding marketing. The provision in that bill would allow an expansion of the definition for an emergency. And that's very important because it would allow an additional \$5 million to be given to the Hawaii tourism promotional agency for marketing. An additional \$5 million.

"Also in that measure Mr. Speaker, is an additional provision, that will allow a portion of the TAT revenues that are generated from this bill, anywhere from \$8 to \$10 million, to go to additional marketing for the Hawaii Tourism Authority. A total of \$15 million. So if this measure will be generating approximately \$28 million, Mr. Speaker, about half would go to the tourism industry for their own promotion.

"The second point that needs to be made Mr. Speaker is, how does this additional revenue affect the bottom line of the State Budget? And it's quite substantial. Especially for those Neighbor Island communities that depend upon their healthcare through their community hospitals of the Hawaii Health Systems Corporation, HHSC. What this bill does, it allows us to appropriate \$14.5 million in general funds to help with the cash flow of our community hospitals, whether it be in Kona, in Hilo ..."

Representative Finnegan rose, stating:

"Mr. Speaker, a point of personal privilege. I'm just trying to see if by speaking outside of this bill and other bills, in the past I've also been ruled out of order for speaking outside of the contents of the bill."

The Chair responded, stating:

"I believe the Representative from Wahiawa is connecting the increase in the TAT to these particular programs, so the Chair will allow him to continue."

Representative Finnegan responded, stating:

"And I just ask for the same leeway Mr. Speaker."

Representative M. Oshiro continued, stating:

"Mr. Speaker, again, this bill allows us to appropriate \$14.5 million to the community hospitals, for example: Kona Community Hospital on the Big Island, Hilo Hospital on the Hilo side of the Island, up on Kauai at the Veterans Memorial Hospital, and on Oahu at Maluhia and Leahi long-term

care facilities. So these monies do go to provide needed and necessary services in our community. The community hospitals are the only provider of medical services, acute care services, and ambulatory services on the Island of Maui. It's very important for those residents to have those types and quality of services.

"In addition Mr. Speaker, this bill allows us to appropriate about \$12 million on which the State will match some of its own general fund monies with federal monies so that we can provide additional support to our private non-profit hospitals here on Oahu. We're talking about Queen's, and Kapiolani Women and Children's Hospital. We're talking about Straub. We're talking about Pali Momi. We're talking about Wahiawa General Hospital. We're talking about Kahuku. We're talking about Kuakini. These are all providers that benefit our community. And this is where some of the money will go.

"Third, Mr. Speaker, regarding the budget at hand. Working with you, the Senate leadership and the Ways and Means Chair, we're able to end this Session with a balanced budget, fully intact. There is a cash carryover balance of about \$80 million for this year, \$40 million for the next, \$170 million for the next, \$110 for the next, and \$160 out to year '13.

"Should we lose this bill on this Floor this morning, we will end this fiscal year of course with a positive \$80 million balance. But most troubling Mr. Speaker, next year, \$10 million. The next year after that, \$80 million. But get this Mr. Speaker. In 2012, we're back in the red, down \$40 million, and in 2013, \$50 million.

"Mr. Speaker, a fourth point. If the Council on Revenue's projection comes out at the end of May and reduces its current projection from a minus 5% to let's say minus 6.5%, coupled with a defeat of this measure today, we would go from a positive \$11 million balance this year, '09 ..."

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

Representative M. Oshiro continued, stating:

"Thank you. We would go from a positive balance of \$11 million in fiscal year '09, which ends in 2 months, to a negative \$130 million in 2010; a negative \$130 million in 2011; a negative \$335 million in 2012; and a negative \$425 million in 2013. So this measure is very important, and I hope the Members can support this override. Thank you."

Representative Berg rose to speak in support of the override with reservations, stating:

"Thank you, Mr. Speaker. I rise with great reservations. While I know we are to speak on the merits of this bill, I think we know what this bill is really about. I've been warned repeatedly that if these bills, and this one in particular, don't pass, the whole budget is jeopardized.

"As all of us in this room have differing views about the process and the components of the bill, of the budget, and what we 'woulda, shoulda, coulda' done. The discussion of the merits of this bill need to be put in the context of the vision for Hawaii that we have still to discuss and the opportunity for creativity that we still have.

"Economic prosperity is not achieved by pitting us against each other, either in this Chamber, or the Chamber across the way, or with government employees who are our relatives, our neighbors, our friends. We are in a no-win situation with all of these tax proposal bills. If this bill fails in particular, we look bad to the unions and our government employees. If the bill passes, we look bad in the eyes of our constituents.

"Mr. Speaker, the Representative from Ka'u suggested that we go home and we let the Governor do what she was supposed to do from the beginning of Session; give us a plan. Pitting us against each other is not the kind of plan that this Chamber should be party to.

"I am fully aware of the consequences of my vote. If this bill fails, it may impact the entire budget. But then again, it might just compel the Governor and us to work from a different perspective to balance this budget that has been haunting us for months. And it might also compel the

Governor to exercise leadership to authentically assess the ways in which Government services from the Executive Department can become more efficient without the 'Draconian' threats of hurting peoples' livelihoods.

"I hope that we pause and really think about this bill in particular, because it is the last bill for the veto override. And it does have implications. Thank you for your time."

Representative Ward rose to respond, stating:

"Thank you, Mr. Speaker. I rise continuing in opposition and with a couple of retorts. First regarding the myopic comments from the former tourism executive from the Big Island. He confused, Mr. Speaker, the visitor industry that we spoke of, and its brother, the diversification with the killing of Act 221. Are we simply doing the comparison? But the point is, the pressure is now even worse for the tourism industry, because we don't have a diversification. We don't have a high-tech industry, because Act 221 is dead. So in case he missed that juxtaposition of the two bills, I want to be very clear.

"Secondly Mr. Speaker, I think when we 'nickel and dime' with, 'Well look, it's only a buck a day,' or '\$1 out of \$100.' You know, I'm reminded of how you're supposed to cook a frog. If you boil the water and put him in, he jumps out. If you put in nice warm water and just slowly turn up the heat, you've got a cooked frog and he doesn't even know it. Mr. Speaker, we are not the highest taxed state in the United States overnight. We never intended to be the highest taxed state. Let me put it this way. We just slowly, with the same spirits that's on this Floor now, 'Well it's only this amount. It's only that amount.' We've never drawn a line in the sand. And particularly with an industry so sensitive as we are with the visitor industry.

"There are 100,000 people that we're going to have to answer to, in addition to our constituents. Those are the ones who rely upon this. As my colleague mentioned, her constituents work in that industry. We're going to have to respond to them.

"Lastly Mr. Speaker, how can we say this is a balanced budget? This tax increase will push us over the top. Because Mr. Speaker, there's \$275 million out there that the Governor and the State workers are now talking about. Is this Body, do you, Mr. Speaker, think that she's going to back down? That we're not all going to pay our fair share? Mr. Speaker, this balance is now in the surplus. And this is what we're doing by taxing people when we don't have to, unnecessarily. This is an unnecessary tax increase. It hurts our major industry. And it's something we have to be accountable for. Thank you, Mr. Speaker."

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

"Yes Mr. Speaker, I rise to speak on this measure. I speak with very, very strong reservations, but I may even change that. First of all, Mr. Speaker and Members, I understand why we need this bill. We need to balance the budget. And regardless of the negotiations that are going on, by the Constitution we are mandated to balance the budget. And this is what the Finance Committee has done and I applaud them for that.

"My *mana'o* or concern is that some of these taxes, the timing is wrong. Like the Representative from across the aisle there mentioned, when you're ill, you give yourself medicine. You don't make a sick person worse. And when the hotel industry is suffering, you don't add to the pain by adding more taxes. That I believe is wrong.

"Let me go back, I understand the need to balance. I have proposed throughout that we have an increase in the excise tax. These four taxes here are not going to make the pain for the community any easier. There was a poll in the *Maui News*, albeit a customer poll so to speak, and they rated 34% of the Legislature's activity in taxes as abysmal. 30% as poor, 4% as excellent, 9% as satisfactory. This is with these taxes we're thinking we're passing here that the public is going to say, 'Yeah, you're doing a great job.' People don't like taxes no matter what you do.

"With the excise tax, you could provide food and medicine exemptions, you could lower the personal income tax, you could give something back to the public. This bill does not. This only takes. And this is the only problem I have with this. And I hope you remember that come May 28, there's going to be a further dip. Two years from now we won't have that \$900 million stimulus. Where are we going to get the money? So look at this as a temporary measure at best. Thank you, very much."

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

"Thank you, Mr. Speaker. I am in opposition. The entire debate today is just really the Majority wanting to increase taxes, and our Minority wanting to hold the line. I see a very cavalier attitude about wanting to raise the tax just a few cents and a dollar here, a dollar there. But it's just the upward creep that really distresses me. We just want to add 2 or 3 cents a gallon through the barrel tax. The increased gas tax would amount to just a few cents a gallon. The barrel tax has gone from 5 cents a barrel clear up to \$1.05 a barrel. Conveyance Tax started at 5 cents per \$100, now we're going up to \$1.25, maybe \$1.30 per \$100. And with this hotel tax, it started at 5% back in '87, and it went to 6% in '98 and 7.25% in '99 and now we want to raise it in 2010 to 8.25%, in 2011 to 9.25%. That's almost double.

"It's a real squeeze on people and doing business and its going to hurt. It's going to hurt job creation and it's going to hurt our people. We've got to go slow on some of these increases. There's just too many. Thank you."

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

"Thank you Mr. Speaker, in opposition of the override of the veto. Thank you, Mr. Speaker. I think it's a matter of, on this particular issue, of raising the Transient Accommodations Tax to our visitors and *kama'aina* if you're staying in a hotel room. I think it's a matter of, what are we doing to the hotel industry? What are we doing to tourism? Mr. Speaker, over the past few days we've been debating bills. Another bill is taking tourism out of DBEDT. Dismantling it, changing it, at a time where we need stability and leadership.

"Mr. Speaker, that in combination with things like this, that talk about, and the tourism industry has voiced over and over, not only yesterday, but in hearings, about taking the 'T' out of DBEDT, as well as raising taxes on the tourism industry. And if you want to do calculations, you can talk about these calculations. I don't know how many rooms are average in a large hotel, but if you're talking about one, possibly it's going to go up by 2%, that's almost \$4 per room. If you take \$4 times, say 300 rooms, \$1200 in a day. \$1200 that may not go to a tip for a maid. \$1200 could be ... I don't know how many maids does it take to use up \$1200, salaries for a maid. Or any other job that's in that hotel.

"So let's talk about that in relationship to jobs because in the Governor's veto, and I know they research well. It says 6,200 jobs have been lost in the tourism industry. I believe that we're contributing to that Mr. Speaker.

"And when it comes down to it, when a visitor or a *kama'aina* goes and checks in and checks out, they won't have the option to say, I want to spend this additional money to go and buy something at the ABC Store, or to go and help to pay for my ticket to Polynesian Cultural Center. Or to go snorkeling, or to buy an extra burger at the restaurant. They won't have that choice because we made that choice for them. It's a part of the TAT and they have no choice.

"Mr. Speaker, I'm not going to go on very many personal vacations. I don't know if I'm going to end up being able to go to Kauai or Maui or the Big Island. I know what I used to do when I had a little bit more expendable money. My family and I would go to one of the hotel rooms when we just needed some time off to spend as a family away from home. We would go to Waikiki and we would take our kids and just swim in the pool or whatever. We don't have that expendable money anymore. And you know what? A lot of people, because they don't have jobs out there, they don't have that expendable money either.

"I wanted to talk about the Finance Chair's comments about how this money is going to go to really good things. Then I guess I could bring that in for, do we really need a duplication in services for the \$50,000 that we're spending in the Gas Emissions Task Force right now. Maybe it would be better served at another time. Maybe we could try and ask that task force if they could please take up a little bit more during this tough time.

"Maybe we don't actually need to prioritize as one of our major CIP priorities, a \$500,000 fence around Lake Wilson. Mr. Speaker, I'm sure that there's more that we can talk about. But as long as there's good stuff, we can find other things, Mr. Speaker. So when I talk about this, it's not to throw criticism out there. But if you're going to say this \$1 a day, \$2 a day, \$4 a day that comes up in 2011, think of the cumulative, think of the \$40 million that's going to come out of the tourism industry for taxes that's not going to go to the restaurants, that's not going to go to the hotel, that's not going to go towards these jobs. Thank you, Mr. Speaker."

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

"Thank you Mr. Speaker, I'm rising in support of the override. Mr. Speaker, I don't think any one of us wakes up in the morning and says, 'We want to raise taxes.' I think we all understand that the travel industry is Hawaii's 'golden goose.' However, the State does face a \$2 billion budget deficit over the next biennium, and we need to raise the TAT at this time to ensure that the State has the resources to preserve Hawaii as one of the world's more popular travel destinations.

"We promote Hawaii as a world-class destination to a wide range of travelers. But if we want to keep that status, we need the money to pay for the upkeep of the infrastructure of this State. Visitors do have an impact on our resources, and like every other travel destination Mr. Speaker, we depend on the hotel room tax to help pay for that impact.

"In keeping the TAT relatively low, we sell ourselves short. Compared to other cities around the country, our hotel room tax is below average. In 2008, according to the American Hotel and Lodging Association, the average hotel room tax is 12.69%. Hawaii is now at 7.25%. But we don't want to price ourselves out of the market. We should certainly be at the right level for a premier resort and a vacation destination.

"The Legislature proposes to raise a tax by 1% from 7.25% to 8.25% in 2010 and another 1% to 9.25% in 2011. On a \$200 per night room, that would mean an added \$2 a day, the price of a cup of coffee. If a family stayed for the week, the increased TAT would amount to only \$14. We don't expect this increase to drive tourists away. We can expect it to produce much needed revenues of \$28 million in 2010 and \$60 million in 2011.

"A percentage will also go back to the industry for increased marketing. Raising the TAT is part of a larger picture to address a severe deficit in the State's budget. I understand that the visitor industry will fight to keep the TAT at the current level. That is their job. If, however, the alternative is to raise the General Excise Tax or to lay off public workers, even I as the Chair of the Tourism Committee, believe that the right choice is to raise the TAT.

"If we were to raise the GET, the impact on tourists would be even greater than raising the TAT tax. Tourists would be spending more on purchasing airfare, on ground transportation, on meals, on attractions, on shopping, on virtually every dollar they spend in Hawaii. They would lose a visitor day easily. That to me is much worse than raising the hotel room tax by a modest 1% to 2%.

"In addition, hotel workers who are already paid so low that many are forced to work 2 or 3 jobs would face increases in all their expenditures too. We understand that the tourism industry is going to fight to keep the TAT at the current level. That is their job. There is never a good time to raise taxes, Mr. Speaker, but now may be the opportune time to raise the TAT so that we have the income we need to support the visitor industry for the future.

"I'd also like to add that yesterday, we did pass measures to help the visitor industry. There was a bill yesterday to do a General Excise Tax exemption for a local hotelier here which exempts them from about \$3.5 million a year in general funds. We've provided budget items in the past to do sand replenishments in areas of Waikiki as well as other areas of the State. There are also other budget provisions if we can look at those that are very much helping the industry, and those are all coming out of our taxes, so at this point I think we need their help and I ask you for your support in this measure. Thank you."

Representative Thielen rose to speak in opposition to the override, stating:

"Thank you Mr. Speaker, I'm rising in opposition to the measure. Mr. Speaker, the visitor industry needs our help and unfortunately what we see here is the real philosophical difference between the Majority and the Minority. The Majority believes that taxes are the answer. Raise the taxes in the various forms, raise the taxes. The Minority believe that we do what families are having to do; we tighten our belts, we find ways to reduce spending and to be able to conserve.

"What we've signaled with this is internationally very damaging. The visitor industry isn't just here in Hawaii. The visitor industry relies on people throughout the globe and the message that's going out there, unfortunately, is that Hawaii is a 'tax hell.' Hawaii has increased the taxes on visitors who are coming here, and then many people who are responsible for encouraging visitors to come to Hawaii will choose less costly destinations for their clients.

"So it's very far reaching, what we've done. The international travel industry knows very well what the Majority is doing here and I believe it's going to be even more damaging to a very fragile tourism industry here in Hawaii. Thank you."

Representative Tokioka rose to speak in support of the override, stating:

"Thank you Mr. Speaker, in support of the override and I ask that the words from the Representative of Wahiawa, and the brief words from the Representative of Ka'u, as well as the Tourism Chair, be entered in the Journal as if they were my own.

"Mr. Speaker, I spent 25 years of my life in the visitor industry, in the hotel industry specifically. So I think when we talk about the visitor industry, I have some personal knowledge of how the industry works. And this choice that we all have to make is not an easy choice for any one of us. As the Tourism Chair said, none of us wakes up in the morning and says, 'We're going to raise the TAT.' Tough, very, very tough choices. As a member of the Finance Committee, we had to sit there for hours and listen to all of the testimony and to understand why we need to make the choices that we had to make, Mr. Speaker. And they were not good choices.

"Our job now is to go out to our communities and to explain why we had to make those tough choices. Sitting on the Finance Committee with the rest of the dedicated Finance Committee members, and they know who they are. They got the stars from the Vice Chair. They know who the dedicated members are.

"I feel confident, Mr. Speaker, that I can explain the tough choices to the President of Hilton Hawaiian Village, Mr. Jerry Gibson, who is a personal friend of mine, and who was here yesterday. I can explain to him. I can explain to Chef Jeffrey from the Hilton Hawaiian Village, the first local chef at the Hilton Hawaiian Village, Mr. Speaker, ever in the history of the hotel, first local boy. I can explain to him why we had to make these choices. Henry Perez, executive director at the Aqua Hotels, who was sitting right behind me yesterday, who is my personal friend. I can explain to him why we had to make these choices. Kelly Hoen, General Manager of the Royal Hawaiian Hotel, another personal friend of mine, I explained to her why we had to make these choices, Mr. Speaker. And none of us felt good about doing them.

"So Mr. Speaker, at the end of the day, I think this Body, if we support this override, will do good things with the marketing money that is attached to HB 754. I want to thank the Finance Chair and I want to thank

the Tourism Chair for working very, very hard on those bills. We will have additional money so that we can say to Mr. Towill, and we can say to the visitor industry, we had to raise taxes to balance this budget, and we do understand your plight. We want to help you, and this is how we want to do it.

"HTA Chair Monahan and the Executive Director, Mike McCartney, have made a commitment to go out to the Neighbor Islands, Mr. Speaker, and talk to the visitor industry. Right after this Session is over, the first visit will be on Kauai where they will share their thoughts with the industry and get feedback and input as to how this Legislature can help the industry going forward.

"Mr. Speaker, it was a privilege to sit on Finance. It was a privilege to work with the Finance Chair and learn and understand the budget. So now it is our job to go out and explain to the people why we made these tough decisions. It is an honor, Mr. Speaker, to have understood it in the Finance Committee. Thank you, Mr. Speaker."

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

"Mr. Speaker I stand in support of the override. I wasn't going to get up but I was a little disturbed by the remark from the Representative from Kahala that we were being cavalier in raising any of these taxes, and in particular this tax. I think the Members of the Finance Committee worked very hard and it was a real struggle for some people to actually support these taxes, but they knew in the long run that this was really necessary.

"Let's just look at the effect that raising this tax has on the Neighbor Islands and on the Island of Oahu. Tourists need to be safe. The recent swine flu outbreak has made us more aware of that. The monies that we've been able to give to the hospitals in the form of the DSH Payments and in helping the Neighbor Island hospitals survive, were not only for the residents of this Island, but they're also for the tourists. The last thing we want to be known as is as an unsafe place for tourists to visit.

"One other thing I wanted to say, I just happened to be doing some research and looking at some old articles of the *National Tax Journal*, and one of the things that was reported, and granted this was awhile ago, but their analysis of the effects of the last raising of the Hawaii hotel room tax indicated that the tax did not have a significant negative impact on hotel rental receipts. Granted that was an old issue, but that's there in black and white. Thank you very much, and I urge the Members support of the override."

Representative Herkes rose to speak in support of the override, stating:

"Thank you Mr. Speaker, in support. Like the Representative from Kauai, I spent most of my life in the visitor industry. Let's not forget that the economic mess that we're in is largely part of management greed and 8 years of an irresponsible Republican President that we're trying to come out of.

"What intrigues me is, in all the years that I spent in the hotel business, I've been defending hotels. I hear that, 'We've got too many hotels.' 'The visitor industry is too large.' 'We need to diversify.' And 'those jobs are no good.' 'We need to make sure there are no more hotel rooms built.' 'We need to tell them where to go.' 'There's too many in Waikiki.' And suddenly I hear this great support for the visitor industry that I haven't heard for 40 years.

"This room, Mr. Speaker, reeks of hypocrisy. The visitor industry, the hotel people. A few years ago Mr. Speaker, you asked me about the Hotel Renovation Tax Credit bill, and I worked with the industry on that. The Governor vetoed it, the former Governor. It cost us hotel rooms in conversion to timeshare, conversion to apartments, it cost us hotel jobs, it cost us lower tax rates, and I never heard a peep. I never heard a peep out of anybody.

"The other thing that's said about the industry. It's lost its way. I'm delighted that there's finally a local guy as a chef at a major hotel. I've said more than once that a person of Asian ancestry growing up in the State of Hawaii, what career path should they take? I tell them, statistically you've

got a better chance of being a member of Congress than managing a hotel in Waikiki. And that's a damning statement about the industry that I've been in all my life.

"The industry needs to promote better. We've lost the promotion. We ought to be on the mainland doing tradeshows. Marriott's the only one that's been doing it. They've just lost their way and we can't sit around, the industry can't sit around and wait for something good to happen. I support the bill."

Representative Karamatsu rose to speak in support of the override, stating:

"Mr. Speaker, I'd like to echo the statements of the previous speaker. I served three years under a great leader, the Chair from Hilo and the Tourism and Culture Committee. It kind of bothers me when they say we didn't support the industry.

"Over the years that I was there, we did, like the previous speaker mentioned, push for the renovation tax incentive for the entire State hotel industry, and that wasn't supported by the Minority. Second, we protected the corpus of the TAT. There were many bills that tried to tap it throughout our years there and we protected it. So saying we didn't support the industry is not true. Thank you."

Representative Finnegan rose to respond, stating:

"Thank you Mr. Speaker, I'll make it short. I just had a remark in rebuttal. Mr. Speaker, still in opposition, and I just kind of wanted to talk us through the history of this bill due to the remarks that the Representative from Lihue made, basically saying how we are supporting the industry. And also from the Chair of Tourism, talking about how we are supporting the tourist industry with this increase in marketing money.

"I'd like to respond by saying, I believe that throughout this whole time, the money that was being collected went into the general fund. And it wasn't until the many faxes and emails and people visiting our offices and coming down to the Capitol that we decided to do an amendment, a last minute amendment, to try to find some way to appease some of that anger for increasing the TAT. And that we needed to do something to kind of 'make nice' a little bit because people were so upset with the increase in TAT.

"Mr. Speaker, I don't think it was the intention to do something nice for the tourist industry and for the hotels prior to Tuesday, and prior to all the pressure."

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

"Mr. Speaker, standing in support and just brief comments. I just wanted to make some brief comments in regard to the issue specifically pertaining to how these TAT funds are collected. Mr. Speaker, as the former Chair of Tourism and Culture, I spent a lot of time working with two friends up there in the gallery, and reading on issues of tourism economies. I really was trying to understand the price-point issues relating to tourism. We spend a lot of time trying to understand economies of scale and how to balance off the issue of marketing to make Hawaii the premier destination.

"However Mr. Speaker, I'm standing in support because one thing that hasn't been talked about is what makes Hawaii special. And again, some of those monies from the TAT are used for things that we call, 'product development.' Issues of, what made Hawaii special, special.

"So Mr. Speaker, when we're talking about the monies collected from the increase in TAT, we're talking about healthcare, Mr. Speaker. The people who work in the industry, making sure that people have access to appropriate healthcare throughout our State. Mr. Speaker, we're also talking about needed improvements and conditions, so that when people come here, to the Aloha State, they can see through the people, the residents of Hawaii, as well as the natural beauty that we have, that we have pride in our people. We take care of our own. And we take care of our visitors. Thank you, Mr. Speaker."

Representative Manahan rose to respond, stating:

"Thank you, just a brief rebuttal to the comments made by the Minority Leader regarding the additional money that would come if we did override this measure or in House Bill 754. That came from a bill that was going around all Session which was introduced by you, Mr. Speaker, for an additional \$10 million that was hopefully to help the visitor industry, should there have been a shortfall from the TAT collections, thank you."

At this time the Chair called for a roll call vote and the motion to override the veto of S.B. No. 1111, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," as contained in Gov. Msg. No. 349 was put to vote by the Chair and carried, and was approved by the required two-thirds vote of the House pursuant to Section 17 of Article III of the Constitution of the State of Hawaii on the following show of Ayes and Noes:

Ayes, 36: Aquino, Awana, Cabanilla, Carroll, Chang, Chong, Choy, Coffman, Evans, Har, Herkes, Ito, Karamatsu, Keith-Agaran, C. Lee, M. Lee, Luke, Magaoay, Manahan, Mizuno, Morita, Nakashima, Nishimoto, B. Oshiro, M. Oshiro, Rhoads, Sagum, Saiki, Say, Shimabukuro, Souki, Takumi, Tokioka, Tsuji, Yamane and Yamashita.

Noes, 12: Belatti, Berg, Brower, Finnegan, Hanohano, Marumoto, McKelvey, Pine, Thielen, Wakai, Ward and Wooley.

Excused, 3: Bertram, Ching and Takai.

At 12:24 o'clock p.m., the Chair noted that the motion to override the veto had carried, and S.B. No. 1111, SD 1, HD 1, CD 1, as contained in Gov. Msg. No. 349, was approved.

INTRODUCTION OF RESOLUTIONS

The following resolutions (H.R. Nos. 305 and 306) were announced by the Clerk and the following action taken:

H.R. No. 305, entitled: "HOUSE RESOLUTION AUTHORIZING AND EMPOWERING THE SPEAKER TO PERFORM AND CARRY OUT ANY OFFICIAL LEGISLATIVE BUSINESS DURING THE INTERIM BETWEEN THE 2009 AND 2010 REGULAR SESSIONS," was jointly offered by Representatives B. Oshiro and Finnegan.

On motion by Representative B. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 305 was adopted, with Representatives Bertram, Ching and Takai being excused.

H.R. No. 306, entitled: "HOUSE RESOLUTION INFORMING THE SENATE AND THE GOVERNOR THAT THE HOUSE OF REPRESENTATIVES IS READY TO ADJOURN SINE DIE," was jointly offered by Representatives Say and Magaoay.

On motion by Representative B. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 306 was adopted, with Representatives Bertram, Ching and Takai being excused.

ANNOUNCEMENTS

Representative McKelvey: "Thank you Mr. Speaker. I'm just wanting to rise and just basically thank you, Mr. Speaker. I know this is our last day, Members, as we head into the interim. For me personally, it's been a very challenging year. But Mr. Speaker, I just want to publicly thank you, because it's through your leadership that I feel that we've been given the freedom and the ability to discuss the issues and policies and to disagree on them, and to have lively debate, but yet to always continue to stay together.

"At the beginning of Session I supported you as Speaker, and I feel that is the best decision I have ever made. I just want to thank you again for your advice, your indulgence and for everything that you've done this

Session, for me personally. So again Mr. Speaker, and to all my colleagues, especially my Vice Chair here, we've had one wild ride to say the least, and I appreciate each and every one of you and your ideas. I have the utmost respect and *mana'o* for all of you. It's been my honor and privilege to spend this time with you. And although we may have locked horns on things, I respect everything that you've done, and I'm just happy and proud to have been a part of this, the first part of the 25th Legislature. Thank you."

Representative Tokioka: "Thank you, Mr. Speaker. I'd just like to wish a early Happy Mother's Day to all the mothers in the Body, all the mothers in the audience, and if this is going to Kauai, Happy Mother's Day, mom. I'd also like to thank the entire Body for a wonderful experience. It was tough, but we made it through. God Bless everyone. Thank you, Mr. Speaker."

Representative Berg: "Thank you, Mr. Speaker. I would personally like to thank the freshmen for being part of the process this year. I remember my very first term when I stood up and I said I was so excited to be a part of the group. I was reminded by one of our colleagues that we're not part of the group until after the second term, after the second Session of the first term. I would like to change that and consider us who are *kama'aina* to really recognize our profession as being part of us already. We don't have to wait.

"I know we won't sing today, we'll wait till next year. But on behalf of all of us, I really appreciate the freshmen and ask you to go spend the interim, learn, breathe, see your families again, do laundry, and come back fortified for the next Session. Thank you very much, Mr. Speaker."

Representative Luke: "Thank you. I wanted to wish someone a Happy Birthday who's going to be having her birthday tomorrow. Representative Carroll, Happy Birthday."

Speaker Say: "Representative Carroll, are you inviting us to your birthday party?"

"The Chair at this time will allow both the Minority Leader and the Majority Leader to say a few words and remarks, so the Chair recognizes Representative Finnegan, please."

Representative Finnegan gave her closing remarks on behalf of the Minority Caucus:

"Thank you, Mr. Speaker. You know, Mr. Speaker, this Session was a rough one. We had to make a lot of tough decisions and first and foremost, I think as the Minority Leader, I just want to say that if there was anything that I have said through debate that may have offended anyone, that was not my intention. That my intention is to provide good debate on this Floor for the people of Hawaii and to point out the things that we as the Minority, or I feel are not correct or are not moving in the right direction.

"Overall, this Session, no matter how hard we worked, this was about balancing the budget. Mr. Speaker, I would have liked to have seen the ability for us to actually cut taxes because that's what I believe in. I believe that we should be able to allow people to keep more money, and that would be a way to economic recovery for our islands. However, we have a balanced budget provision in the Constitution, for the Governor and ourselves, to make sure that we balance our budget. That makes it a very difficult job.

"However, it was explained to me that our budget was visionary. Mr. Speaker, I don't think that that is the word that I would use for our budget. There are other pieces of legislation, and I do also want to just talk about what the Governor did do in regards to sending down a plan. I thought that she sent down quite a good plan. It was a plan that we could follow, and throughout the Session she updated that plan, Mr. Speaker. So over and over again I've been hearing about how the Governor doesn't have a plan, how the Governor doesn't have a plan, but she did have a plan. And many of us, if not all of us on the House Minority did support that direction of that plan, because it was visionary, Mr. Speaker.

"It brought in Recreational Renaissance that we decided to kill at the last minute, Mr. Speaker, where it would provide more than 2,000 plus jobs. I went into my community and DLNR did a presentation to our community because I asked for it, and it was talking about how we would take dilapidated infrastructure and basically build it and make it better for the people of Hawaii for recreation, so that we can feel proud of the Hawaii that we live in.

"Mr. Speaker, we also killed the Broadband Initiative. And that Broadband Initiative would have been awesome for an island state in the middle of the Pacific Ocean. That's visionary, Mr. Speaker. All of which I believe, most of which would be federally funded.

"Mr. Speaker, we also did some detrimental things to the highway improvements, as well harbor modernization. Mr. Speaker, even though we are in an economic downturn and we are not seeing as much cargo as we have had in the past, and you can see it visually from the beach line. You take a look at those ships and they're not bringing in as much goods as they once were. But like me and the Minority Caucus, we see that we will recover. And when the economy was good, and still to this day, like many of the speakers on this Floor talked about the Maui harbor, that it is extremely difficult for them to operate efficiently. It's only going to, throughout time, get worse. Mr. Speaker, that is a huge part of our economy in the future.

"Mr. Speaker, since I have the Floor and since you know how much I personally think that Charter Schools and education is so important, to me personally, that is another area where I think we did a disservice to the Charter School movement and to education as a whole. To be able to allow these schools who are innovative and flexible, that have autonomy, to address the needs of their school. And we decided to cut funding for them, Mr. Speaker. And year by year, we cut funding.

"Mr. Speaker, I appreciate this House of Representatives. I appreciate the debate. I appreciate all the leaders who speak out on the Floor for the people of Hawaii. But like my colleague, the Representative from Kailua, like she said, this is two very different ways on how we would have approached the budget. How we would have approached this moving forward to truly give vision and economic recovery to the people of Hawaii. Thank you."

The Chair then recognized Representative B. Oshiro for his closing remarks on behalf of the Majority Caucus:

"Mr. Speaker, thank you very much for the opportunity. I will be very brief. Looking back on this Session, there have been many successes. At the beginning of this Session we faced a very daunting task when it came to the budget. We're extremely fortunate that through the hard work of the Finance Committee, the hard work of your membership, every single way and measure that we could look at reducing costs, were looked at. You were very brave in terms of putting forth some of those proposals before the Labor Committee, and going through the legislative process, those things were turned down. That limited our options, and so here we are today. Here we are with the overrides on some of the tax revenue generation measures. We do so very begrudgingly, but we are left with little alternative. Because at the end of the day, we are constitutionally required to pass a balanced budget. And that is what we have done.

"There are other successes, whether be on energy, specifically our food and energy security bill, which I think will set forth the tone and set forth the foundation for the future of Hawaii so that we can start to move and wean ourselves off of our dependence of fossil fuel. So that we can start and avoid spending billions of dollars and sending it and exporting it away.

"There were also some missed opportunities. Recreational Renaissance was in the House Majority Package. Unfortunately in the last minutes of Conference, that did not pass. There were some other bills, and I think people know what I'm talking about, that were missed opportunities. But they still survive for another day.

"Finally, the last few things I wanted to talk about was to thank the Minority for their role in our Legislature, and in our House. Their voice is

important, we do need to listen to them, and I do think that we take them into consideration whenever possible, because they do represent their constituencies. And at the end of the day, all of us here have a role to represent our constituencies and represent the State of Hawaii.

"I also wanted to thank the Majority. I came into this Session not knowing what 'Majority Leader' was exactly. I saw our Finance Chair as Majority Leader. I saw the current Managing Director as Majority Leader. And I saw the Representative from Moiliili as Majority Leader. They all had very different styles. I have my own style. I don't know if I did a good job or a bad job. People have told me it's kind of like herding cats. That's how it was described to me, being the Majority Leader. I tend to think it was kind of like herding lions and tigers, and some jaguars, and some alley cats, and some hairless cats, and all kinds of things. People can categorize themselves however they want.

"But the last thing I really wanted to do was take this opportunity to sincerely thank our legislative and Session staff. You know, recently the 2009 House of Representatives Staff Directory came out. I highly encourage everyone to take a look through it. It's important to see all of the faces, to really appreciate all of the hard work that they've done. There's a great statement in the opening lines here: 'The Legislature's ultimate success in serving the people of Hawaii rests in large measure upon the professional and dedicated services of the committed staff. Their personal sacrifices to perform the peoples' business throughout the day, late in the evening, on weekends and even on holidays, is appreciated by every elected Member of the House of Representatives.' And we are so proud, so proud, that they gave us that honor to work for us and to work for the people of Hawaii.

"So with that I wanted to request that we could have the names of every single legislative and session staff person put into the House Journal. And Members, could we please give a heartfelt round of applause for all of our staff persons."

The following is a list of all permanent and session staff for the 2009 Legislative Session:

Representative Aquino: Maureen Andrade, Darryl M. Macha, Deseree B. Palilio, Linda E. Tanaka

Representative Awana: Alexander 'Alika' Malabey, Thomas Frazier, Elenoa S.U. Fuka, Jenny A. Quezon, Elwin L. Spray, Colleen B.J. Takenouchi

Representative Belatti: Bernadette Fo, Kerianne M. Pascua, Adrienne I. Suarez, Matthew R. Winfree

Representative Berg: Jennifer Wilbur, Elizabeth A. Labby, Ian Y. Lind, Jeffrey B. May, Jamal K. Powell, Ana Maria C. Won Pat-Borja

Representative Bertram: Haunani Olds, Margaret Logotaeao, Charles R. St. Sure

Representative Brower: Cynthia Nyross, Jenna W. Takenouchi

Representative Cabanilla: Leon Rouse, Rosebella Ellazar-Martinez, Philmund W. Lee, Christina R. Simms

Representative Carroll: Janice Salcedo, Wayne K. Panoke, Travis D. Quezon, Zach R. Thomson

Representative Chang: Sharon Miranda, Barbara D. Anderson, Bernardine F.L. Jay, Francine S. Kaneshige

Representative Ching: Jacqueline Pamerleau-Walden, Ryley D. Antinori, Colette Devou, Jocelyn Ho, Michael J. Karem, Kristen K. Tibourtine

Representative Chong: Janis Higaki, Kalani L. Kaanaana, Tasha R. Kobashigawa, Christopher J.I. Leong, Janine A. Tully

Representative Choy: Carol Hagihara, Kristi M. Fukumoto, Gale Kuba, Pamela A. Seeney

Representative Coffman: Cynthia Apana, Katie J. Coffman, Liane R. Miwa

Representative Evans: Tommie Suganuma, Baron Gushiken, Teriitavae K. Perez, Brian K. Tokuuke

Representative Finnegan: Carrie Kealoha, Secily 'Malia' Gray, Richard L. Fale, Jamie A. Moody

Representative Hanohano: Margaret 'Poni' Daines, Mary L. Baker, Kaliko Chun, Anuhea P. Clark

Representative Har: Lynette Marushige, Tammy K. Kapali, Alana K.M. Taniguchi

Representative Herkes: Eloise Kuniyoshi, Brian Y. Yamane, Rebecca P. Gardner, Malia Gibson, Noah Gibson, Tricia Y. Sakamoto, Robin L. Valentine-Kindred

Representative Ito: Melissa Miranda-Johnson, Rachel H. Loo, George J. Okuda, Arlene A. Stone

Representative Karamatsu: Wayne Yagi, Harrison Kawate, Carrie H. Azama, Leanne Y. Galanti, James M. Miura, James J. Nelson, Tracy H. Okubo

Representative Keith-Agaran: Ann Takaki, Kaleihikina A. Akaka, Derick B. Dahilig, Wilfredo Tungol

Representative Christopher Lee: Micah Young, Lina M. Le, Jolyn Adele G. Prieto, Jessica O. Young

Representative Marilyn Lee: Ann Thornock, Bree H. Davis, Ramona Y. Ferreyra, Shawn James-Leavey, Lloyd I. Nakahara

Representative Luke: Blayne Higa, Shirley A. Batad-Labisores, Janice R. Farrant, Nils P. Katahara

Representative Magaoay: Lawrence Sagaysay, Judy Fomin, Diana S. Bonsignore, Michelle K. Gerard, Kahoku Meade, Karess K. Purcell

Representative Manahan: Lori Tomczyk, Karen T. Kawamoto, Doreen T. Tanaka, Felix B. Yaranon Jr.

Representative Marumoto: Joan Shinn, Judith L. Fadrowsky, Spencer M.K. Lau Jr., Gaye M. Miyasaki, Maureen K. Muraoka

Representative McKelvey: Leticia 'Tish' Acido-Mercado, Allan E. Garcia, Stewart R. Lambert

Representative Mizuno: Joje May Mizuno, Michael G. Bouffard, Erwin A. Gabrillo, Jack R.A. Nagaishi, Alice S. Nakama

Representative Morita: Daniel Kalili, Joel D. Guy, Judy Y. Sokei, Miho Teipel

Representative Nakashima: Lori Hasegawa, Lesley A.T Fujimoto, Van A. Morita, Sage U. Takehiro

Representative Nishimoto: Candace Van Buren, Jenalyn L. Tadio, Bryce R. Tanaka

Representative Blake Oshiro: Amoreena 'Reena' Rabago, Jacce Mikulanec, Kenneth G. Best, Bryan J. Gallarde, Melita L.T. Lani

Representative Marcus Oshiro: Tracy Kubota, Erik K. Abe, Michael B. Bomhoff, Alexandra P.K. Coelho, Jonathan D. Conner, Susan L. Fernandez, Leslie R. Goo, Sallie M. Hamada, David J. Hawkins, Lei R. Learmont, Taryn E.K. Lum, Carmen L. Rodrigues, Nicole M. Saul, Tijay Syn-Rodrigues, Jennifer C. Taylor

Representative Pine: Sarah Hunt, Thomas Berg, Daniel A. Brackins, Daniel P. De Gracia II, Mariano G. Doctolero, Daniel E. Douglass, Lilia F. Lambinico

Representative Rhoads: Diane Dunphy, Kapuaonalani Aiu-Yasuhara, Sonny Le, Christine E. Welch

Representative Sagum: Melanie Kuroiwa-Steiner, Amy T. Maeda, Joyce H. Ohta, Florence H. Wakuya

Representative Saiki: Benjamin Park, Renate Kawakami, Justin A. Smith

Representative Say: Gail Kakuda, Calvin Azama, Cassandra Song, Brian Takeshita

Representative Shimabukuro: Colleen Teramae, Wallace J. Inglis, Kristin Kline, Dana P. Newman, Ann K. Otteman

Representative Souki: Flo Hamasaki, Peggy J. Collier, Moses A. Lum Hoy, Vernon M. Souki

Representative Takai: RaniaLisa Vargas, Desiree Borja, Darlene C. Claveria, Cheryl A. Derby, Kristine M. Duong

Representative Takumi: Nancy Nishimura, Lee I. Korenaga, Claire Y. Sakata, Brett R. Shintani

Representative Thieien: John Foster, Lauren E. Goodmiller, Melody J. Heidel, Franziska M. Roessy

Representative Tokioka: Amy Luke, Gavin P. McCall, Amanda E. Pearson, Jason M.A. Walter

Representative Tsuji: Lora Lapenia, Walter 'Buddy' Igawa-Silva, Ken T. Nakamoto, Sanford L. Sasaki

Representative Wakai: Sharon Grace Sagayadoro, Karen M.L. Dang, Kelli M. Miura, David S. Okubo, Joan S. Ushijima

Representative Ward: Lori Wingard, Philip L. Draper, Francisco R. Figueiredo, Roosevelt Freeman

Representative Wooley: Arlina Agbayani, Daniel J. Lott, Jacqueline Y.S. Miyashiro, Madeline C. Neely, Christopher K. Rothfus

Representative Yamane: Danielle Bass, Ho'onani K. Andermann, Alex M. Grabiner

Representative Yamashita: Lois Tambalo, Chelsea K. Goto, Kathy A. Kato, Kristen E.M. Oka

Finance Committee: Perri 'Puna' Chai, Jody 'Joe' Hamasaki, Randy Hiyoto, Nandana Kalupahana, Michael Ng, Stacey Tagala

Majority Research: Linda Oamilda, Doreen Belen, Richard Dvonch, James Funaki, Jamie Go, Sharilyn Ho, Susan L. Iwata, Mary James, Shin Woo Kim, Terrence Lee, Steven Lum, Pamela McCreadie, John Moriyama, Roy Nihei, Kendra Oishi, Kiriko Oishi, Carolyn Plett, Carl Silva, Wimmie Wong Liu, Siobhan Caruso-Tuthill, Gordon K. Kalilikane, Remar Jonah M. Moscardon, William Y. Toyozaki, Jill M. Tsuchitori, Margaret Y. Yamashita

Minority Research: Boyd Akase, Candace Crouch-Kelsey, James Delavan, Nadine Nishioka, Michelle Van Hessen, Claire S. Draper, Beth K. Fukumoto, Brett A. Huelsman, Nancy C. Lauer, Kelsey Ann H. Morinaga Wells, Paul L. Vierling

Chief Clerk's Office: Patricia Mau-Shimizu, CJ Leong, Waynette Araki, Josette Friedl, Royce Fukumoto, Gail Iseri, Adele Ito, Rupert Juarez, Arman 'Kai' Lau, Denise Liu, Lyle Maesaka, Craig Nakahara, Thai Nguyen, Emma Perry, Neal Shigemura, Shayne Takahashi, Roger Tyau, Richard N.Y. Ah Lee Sam, Janel H. Akana, Sharrese C. Castillo, Randy Compton, Michael R. Fisher, Angel U. Fujihara, Chi-Hwa 'Elvis' Ho,

Ryan K. Kagimoto, John W. Kelly, Beverly W.K. Lum, Ross Y. Miyasato Jr., Teoni W. Obrey, Jenni M. Panoncial, Kelli K. Sterling, Jill M. Takamatsu, Scott K. Yamane, Diane A. Yukumoto

Printshop: Tammy Tengan, Fritz I. Belmore, Carol F. Cabebe, Kay K. DeMello, Karen Y. Ebisuya, Kenneth M. Gibo, Bradley K. Haida, Roy H. Higa, Raul T. Juarez, Lorrin K. Kaalekahi Jr., Summer K. Kaleo, David S. Kamida, Jean Kinoshita, Elaine R. Miyamoto, Mitchell R. Osurman, Mildred Y. Phillips, Estelita A. Pumares, Eleanor M. Riney, Alice A. Sato, Amy Y.M. Say, Linda T. Shishido, Peggie R. Spencer, Aileen A. Tanaka, Curtis F. Yoshida, Wesley T. Yoshitake

Sergeant-At-Arms: Kevin Kuroda, Lon Paresa, Paulette Abe, Jesse Alvarado, Alex Kagawa, Rowena 'Ronie' Low, Glenn Okamura, Suzanne L. Apo, Francis J. Baysa, Jasmine K. Branco, Yolanda M. Bryant, Matthew D. Daog, Kenneth K. Lee, Janelle L. Murakawa, Kevin I. Omori, Skyler C. Ross, Jon M. Shitabata, Jacob E. Silva, Alfonso B. Singson, Jeffrey K. Spencer, Richard H. Tamashiro, Raymond H. Yamane

Communications: Georgette Deemer, Thelma Dreyer

The Chair then gave his closing remarks as follows:

"The Chair will be very brief. I also just wanted to thank all of you for a job well done. Your patience, your indulgence, your understanding of what we had to go through. No one would have thought that we had to chase a \$2.1 billion deficit for the three years. No one ever thought that we would be in this economic crisis today. But I'm proud of the accomplishments of this House. During the deliberations and the debate that we had on the Floor, the Majority members would sometimes tell me Lynn and Kymberly, to 'Shut them up already. Shut them up.' And I'm saying, 'No, I'm going to let them continue.' And this is the democratic process for all of you.

"My only warning this afternoon for all of us is that, in 7 months we will be back. Back for another major crisis that may be before us. Like I shared with all of you on Opening Day, we are all in one canoe and we are all rowing our paddles to a vision of sustainability here in this State. The outside forces that we have no control over will continue on. So think about what you can do to be a part of the solution.

"These next 7 months will be so critical for all of us because I truly hope that the respective Chairs would go out into the community to reflect on what is the peoples' pulse. From the Health Committee Chair to the Economic Revitalization, Business, & Military Affairs Chair, to the Hawaiian Affairs Chair, to the Water, Land, & Ocean Resources Committee Chair, the Judiciary Chair, the Finance Chair, and the Higher Ed and Lower Ed Chairs, please, go back out into the community to see what we have accomplished. We should be proud of a Capital Improvement Projects budget of \$1.8 billion.

"And I warn all of you of this. It's easy to pat yourself on the back this afternoon. But if you do not go out there to see if your projects or the policies that we have adopted are being implemented, we are not achieving the goals and objectives of what we have strived for.

"So in closing, have a happy and safe summer. The Speaker's office will be open 5 days a week. Sometimes I hear from some of the Office Managers that your Office Managers don't show up for work. If that's the case, I will be calling your office to scold you since your Office Managers are supposed to be in your offices during the interim."

ADJOURNMENT

Representative B. Oshiro moved that the House of Representatives of the Twenty-Fifth Legislature of the State of Hawaii, Regular Session of 2009, adjourn Sine Die, seconded by Representative Finnegan.

The motion was put to vote by the Chair and carried, and at 12:41 o'clock p.m., the Speaker rapped his gavel and declared the House of

Representatives of the Twenty-Fifth Legislature of the State of Hawaii, Regular Session of 2009, adjourned Sine Die. (Representatives Bertram, Chang and Takai were excused.)

HOUSE COMMUNICATIONS

House Communication dated May 8, 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 the following Bills heretofore vetoed as set forth in Governor's Messages dated May 7, 2009, and approved said bills by an affirmative vote of two-thirds of all members of which the House of Representatives of the Twenty-Fifth Legislature of the State of Hawaii, is entitled:

H.B. No. 895, HD 2, 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

House Communication dated May 11, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable Governor Linda Lingle; and Ms. Myra Shozuya, Revisor of Statutes, Legislative Reference Bureau; transmitting a copy of the document certifying that on May 8, 2009, pursuant to Sections 16 and 17 of Article III of the Hawaii State Constitution, the Hawaii State Senate and the Hawaii State House of Representatives, reconsidered House Bill No. 895, HD 2, SD 2, CD 1, heretofore vetoed as set forth in a Governor's Message dated May 7, 2009, and approved said bill by an affirmative vote of two-thirds of the members to which each chamber is entitled. In addition, a copy of House Bill No. 895, HD 2, SD 2, CD 1, designated as Act 58 of the Twenty-fifth Legislature of the State of Hawaii, was enclosed.

House Communication dated May 11, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable Governor Linda Lingle; and Ms. Myra Shozuya, Revisor of Statutes, Legislative Reference Bureau; transmitting a copy of the document certifying that on May 8, 2009, pursuant to Sections 16 and 17 of Article III of the Hawaii State Constitution, the Hawaii State Senate and the Hawaii State House of Representatives, reconsidered House Bill No. 1741, HD 1, SD 1, CD 1, heretofore vetoed as set forth in a Governor's Message dated May 7, 2009, and approved said bill by an affirmative vote of two-thirds of the members to which each chamber is entitled. In addition, a copy of House Bill No. 1741, HD 1, SD 1, CD 1, designated as Act 59 of the Twenty-fifth Legislature of the State of Hawaii, was enclosed.

House Communication dated May 11, 2009, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable Governor Linda Lingle; and Ms. Myra Shozuya, Revisor of Statutes, Legislative Reference Bureau; transmitting a copy of the document certifying that on May 8, 2009, pursuant to Sections 16 and 17 of Article III of the Hawaii State Constitution, the Hawaii State Senate and the Hawaii State House of Representatives, reconsidered House Bill No. 1747, HD 1, SD 1, CD 1, heretofore vetoed as set forth in a Governor's Message dated May 7, 2009, and approved said bill by an affirmative vote of two-thirds of the members to which each chamber is entitled. In addition, a copy of House Bill No. 1747, HD 1, SD 1, CD 1, designated as Act 60 of the Twenty-fifth Legislature of the State of Hawaii, was enclosed.

OTHER COMMUNICATIONS

Senate Communication dated May 11, 2009, transmitting a copy of the document certifying that on May 8, 2009, pursuant to Sections 16 and 17 of Article III of the Hawaii State Constitution, the Hawaii State Senate and the Hawaii State House of Representatives, reconsidered Senate Bill No. 1111, SD 1, HD 1, CD 1, heretofore vetoed as set forth in a Governor's Message dated May 7, 2009, and approved said bill by an affirmative vote of two-thirds of the members to which each chamber is entitled. A copy of Senate Bill No. 1111, SD 1, HD 1, CD 1, designated as Act 61 of the Twenty-fifth Legislature of the State of Hawaii, was enclosed.