

FORTY-NINTH DAY

Wednesday, April 14, 2010

The House of Representatives of the Twenty-Fifth Legislature of the State of Hawaii, Regular Session of 2010, convened at 12:10 o'clock p.m., with Vice Speaker Magaoay presiding.

Representative Cabanilla introduced Father Mike Dalton of Our Lady of Immaculate Concepcion, who delivered the invocation, after which the Roll was called showing all Members present with the exception of Representatives Har, Herkes and Souki, who were excused.

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

GOVERNOR'S MESSAGES

The following messages from the Governor (Gov. Msg. Nos. 229 through 231) were received and announced by the Clerk and were placed on file:

Gov. Msg. No. 229, informing the House that on April 13, 2010, the following bill was signed into law:

S.B. No. 2050, entitled: "A BILL FOR AN ACT RELATING TO VOCATIONAL REHABILITATION IN WORKERS' COMPENSATION LAW." (ACT 018)

Gov. Msg. No. 230, informing the House that on April 13, 2010, the following bill was signed into law:

S.B. No. 2340, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO KANEOHE BAY REGIONAL COUNCIL." (ACT 019)

Gov. Msg. No. 231, informing the House that on April 13, 2010, the following bill was signed into law:

S.B. No. 2201, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLES." (ACT 020)

SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. Nos. 578 and 579) were received and announced by the Clerk and were placed on file:

Sen. Com. No. 578, transmitting H.C.R. No. 141, entitled: "HOUSE CONCURRENT RESOLUTION SUPPORTING THE APPLICATION OF HAWAIIAN AIRLINES TO PROVIDE AIRLINE SERVICE TO HANEDA AIRPORT IN TOKYO, JAPAN," which was adopted by the Senate on April 13, 2010.

Sen. Com. No. 579, dated April 13, 2010, informing the House that Senate has disagreed to the amendments proposed by the House to the following Senate Bill, and has requested a conference on the subject matter thereof, in consequence of which the President has this day appointed as Conferees on the part of the Senate for the consideration of said amendment:

S.B. No. 2346 Sakamoto, Chair; Kidani, Hemmings
SD 1, HD 1

INTRODUCTIONS

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

Representative Rhoads introduced his constituent, Mr. Kevin Mulligan.

Representative Mizuno introduced Mr. Carson Wilberts with the Department of Human Services.

At 12:16 o'clock p.m. the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:23 o'clock p.m., with the Speaker presiding.

ORDER OF THE DAY

COMMITTEE REASSIGNMENTS

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

S.C.R.
Nos.

Re-referred to:

103, SD1	Committee on Finance
107, SD1	Committee on Education
108, SD2	Committee on Education
110, SD2	Committee on Finance
140, SD1	Committee on Education
167, SD2	Committee on Finance
179, SD2	Committee on Finance
194	Committee on Legislative Management
195, SD1	Committee on Education
202, SD1	Committee on Economic Revitalization, Business, & Military Affairs

UNFINISHED BUSINESS

At this time, the Chair stated:

"Members, at this time we are on page 2 of the Order of the Day. Before going on to the Order of the Day, the Chair would like to recommend that for Conference Committee Report No. 2-10, HB No. 1907, HD 1, SD 1, CD 1, we will deliberate this measure at the end of the calendar.

"On page 3, Conference Committee Report No. 52-10, SB No. 2405, SD 2, HD 1, CD 1, deferred to April 19.

"And finally, Conference Committee Report No. 53-10, SB No. 2402, SD 1, HD 1, CD 1, this measure will be recommitted. So at this time, the Chair will be taking Conference Committee Report No. 53-10 out of order."

Conf. Com. Rep. No. 2-10 and H.B. No. 1907, HD 1, SD 1, CD 1:

By unanimous consent, action was deferred to the end of the calendar.

Conf. Com. Rep. No. 52-10 and S.B. No. 2405, SD 2, HD 1, CD 1:

By unanimous consent, action was deferred to Monday, April 19, 2010.

Conf. Com. Rep. No. 53-10 and S.B. No. 2402, SD 1, HD 1, CD 1:

Representative B. Oshiro moved to recommit Conf. Com. No. 53-10 and the attached proposed CD 1, on the disagreeing vote of the Senate to the amendments proposed by the House in S.B. No. 2402, SD 1, HD 1, to the Committee on Conference, seconded by Representative Evans.

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

"Mr. Speaker, I stand in favor of the motion. It's an excellent motion and I think some jobs may not be killed because of this. I hope it gets recommitted for a long, long time. Thank you."

The motion was put to vote by the Chair and carried, and Conf. Com. Rep. No. 53-10 and the attached proposed CD 1, on the disagreeing vote of the Senate to the amendments proposed by the House in S.B. No. 2402, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," were recommitted to the Committee on Conference, with Representatives Carroll, Har, Herkes, Marumoto, Souki and Takumi being excused.

SUSPENSION OF RULES

On motion by Representative Evans, seconded by Representative Pine and carried, the rules were suspended for the purpose of considering certain House Bills and Senate Bills for Final Reading by consent calendar. (Representatives Har, Herkes, Marumoto, Souki and Takumi were excused.)

UNFINISHED BUSINESS**Conf. Com. Rep. No. 3-10 and H.B. No. 2866, HD 1, SD 1, CD 1:**

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 2866, HD 1, SD 1, CD 1, pass Final Reading, seconded by Representative Evans.

Representative Pine rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2866, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Final Reading by a vote of 46 ayes to 2 noes, with Representatives Finnegan and Pine voting no, and with Representatives Har, Herkes and Souki being excused.

Conf. Com. Rep. No. 4-10 and H.B. No. 2421, HD 2, SD 2, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 2421, HD 2, SD 2, CD 1, pass Final Reading, seconded by Representative Evans.

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

"Mr. Speaker. Conf. Com. Rep. No. 4. That's the barrel tax, right? Mr. Speaker, I rise in opposition. Mr. Speaker, this has changed slightly. It's still job killer number one as it was when it first came in, even though now 60% of the funds go into the general fund, so it's a bit of a misnomer to call it a food and security bill.

"But Mr. Speaker, I would draw your and the Members' attention to the Republican balanced budget that was sent to everyone. If they looked in their email box it would show that the budget can be balanced without this and all the other 15 job killers, or the 1% GET tax. And if you challenge

the logic of that, we've actually given an Excel spreadsheet by which you can click on and keep changing the ending balance.

"I hope an ongoing dialogue, particularly the Finance Committee members and the Chair will allow us to pick and choose very wisely, not just surgically, but laser-guided cuts to our budget, additions to our budget, knowing that this one will be superfluous, Mr. Speaker. So I ask everybody to have a real look at that Republican Balanced Budget and give us feedback. Thank you."

Representative Thielen rose in opposition to the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Thielen's written remarks are as follows:

"I am voting against HB 2421, the "barrel tax," because it gives 60% of the increase to the general fund, with only 10% going to the Energy Systems Development Special Fund and 15% to the Energy Security Special Fund. Real leadership requires us to adequately fund Hawaii's renewable energy future and actually provide the financial means to implement the goals of the Hawaii Clean Energy Initiative. The HCEI calls for Hawaii to use 70% clean energy by 2030, weaning us off our addictive 90% dependence on imported fossil fuel to power our Islands. Bold steps are needed to accomplish this goal. The 'baby steps' funded by HB 2421 are unacceptable.

"Mr. Speaker, I devoted over 20 years in my legal practice to environmental law. I have been one of the Legislature's strongest advocates for renewable energy, and particularly for the emerging technology which taps Hawaii's powerful, constant and clean ocean waves. We need vision and leadership to create the environment which welcomes new renewable energy companies and their attendant good-paying jobs. 'Baby steps' don't accomplish this. 'Baby steps' simply keep the program on 'life support.' In contrast, countries which really show commitment to renewable energy are putting funding behind their efforts.

"Hawaii's lack of energy security mandated that we do more. As the most oil dependent state in the nation, the one which imports from foreign nations, many of which are unstable, and the one that exports \$7 billion a year from our economy for this polluting product, we should have stood firm and voted for all of the new barrel tax to be allocated to implement Hawaii's renewable energy future. As noted by Robert Harris, Director of the Sierra Club, Hawaii Chapter as reported by Associated Press, in Forbes.com: "The proposal creates a new stream of money for renewable energy, but in relatively small amounts that won't do much to make Hawaii self-sustaining and less dependent on foreign oil. The bill isn't primarily accomplishing those goals."

"Mr. Speaker, I am sorely disappointed in this Body. The public expected and deserved more from us."

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

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in opposition to H.B. 2421 HD2 SD1 which removes language suspending tax when the balance of Environmental Response Revolving Fund balance hits \$20 million, expands the scope of the Energy Security Special Fund, and increases the Barrel Tax from 5 cents to \$1.05 with certain specified allocations.

"As my record shows, I have always been a stalwart of agricultural and alternative energy initiatives. While I support the establishment of a task force with DBEDT to facilitate the accelerated adoption and completion of renewable-energy projects and programs, I cannot support a barrel tax increase, as such a tax will affect businesses, food, and ultimately every aspect of society. This is not the right time to implement taxes that so direly affect our citizens, as many are already suffering from our State's economic crisis. Thank you."

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

"Just in opposition, Mr. Speaker. When I first started this Legislative Session, I had a town hall meeting. It was just regular folks from my community who came and we talked about different ways to balance the budget. And they said, 'Whatever you do, since many of us are really struggling, don't pass any bills that would affect the cost of milk, affect the cost of food, or would affect gas.' Because the people of the Leeward Coast already pay the most for gas, because they drive the most.

"This is one particular bill that started off with a lot of hope. A lot of hope by environmentalists that wanted to do great things for the State of Hawaii, and unfortunately it's been 'hijacked' by people who want to take money from the people of Hawaii. So I just simply cannot support something like this, a tax like this."

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

"Thank you, Mr. Speaker. I rise in support. Mr. Speaker, yes, I agree this bill starts with a whole lot of support and a whole lot of hope. The hope is from today and for the future. This provides for a long-term energy and food security program. Energy is a major component of this bill, but there's also an agricultural element and I would like to focus on that.

"I believe the State is becoming more aware of food security issues and would support such initiatives towards this goal for hope for the future, Mr. Speaker. Crop fields or cattle stock will not simply appear when our needs become sudden. These endeavors must be nurtured and cultivated, but our agricultural industry is struggling under the dire conditions of today, such as our bleak economy, prolonged drought conditions, and yes, increased fuel and also production costs.

"This specific percentage of assessment will be earmarked for agriculture development and food security programs, this Food and Security Special Fund, and go towards agricultural products including those intended to increase local production or processing in order to reduce imported food, fodder and feed for our isolated State.

"This is a very comprehensive bill. It combines energy and food security, and the plan has very important merits for our conservation, Mr. Speaker, to meet Hawaii's long term food and energy security needs. It is important that there is a balance between agriculture and energy production.

"We all recall a similar bill that we passed last year, Mr. Speaker. This was vetoed. I hope, and yes I agree, that this bill has hope not only for today, but for the future. I thank you for your support."

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

"Thank you, Mr. Speaker. I rise in strong support of House Bill 2421. Thank you.

"Mr. Speaker, the Conference Draft of this bill before this legislative body does not meet the expectations of most supporters. It is a compromise born out of the deep recession that has gripped every facet of our government.

"Mr. Speaker, while we have not been able to direct all of the funding to our energy and agricultural special funds, we now have the ability to start funding our journey to energy and food sustainability. We can go from zero support, to \$8.8 million to support economic development for Hawaii.

"Mr. Speaker, the Energy Systems Development Special Fund will be able to use \$2.2 million as shared cost funds to bring in an additional \$8.8 million; a 4 to 1 federal match for project dollars that will test and evaluate the commercial viability of renewable energy technology and bio-fuel systems.

"Mr. Speaker, this legislative body must also realize that the \$13.2 million remaining in the general fund and not allocated to our special funds are not being misdirected.

"Mr. Speaker, the billions of dollars in revenue loss that our State has experienced since 2008 has impacted our energy and agricultural

programs; programs that are supported by the general funds of our State. The Agricultural Department has had staffing and operating fund cuts to the point that many programs are in name only. Day-to-day operational support does not exist. The Energy Division only exists because of federal funding from the Petroleum Violation Special Fund and American Recovery and Reinvestment Act funding. Funding that runs out after next year.

"Mr. Speaker, the \$13.2 million that will remain in the general fund from this revenue source will allow us to fund agricultural and energy programs for Fiscal Year 2011. Yes, we wanted to use all of the funding to move forward with our energy and food security programs. However, with our current fiscal problems, we must be able to hold on to our current programs and not lose what we have gained.

"Mr. Speaker, everyone should be aware that general funds currently support tax credits and refundable tax credits for energy efficiency and renewable energy products. Current figures are not available. However, the State's general funds supported over \$6 million worth of credits in 2006. With the added refundable tax credits starting this year, we could be approaching a general fund liability of over \$10 million.

"Mr. Speaker, it is very clear that all of the revenue generated by this bill will directly or indirectly support the purpose of this bill. Food and energy security and sustainability will be supported. Economic development based upon retaining billions of dollars now being shipped off-shore will be supported.

"Mr. Speaker, I want everyone here to understand that the future economic viability of our State is absolutely dependent upon our ability to reduce our use of oil. Crude oil prices in the last 12 months have gone from \$44 per barrel, to \$85 per barrel. Crude oil prices are forecast to be around \$100 per barrel by the end of this year. As the world recovers from this global recession, demand for crude oil will rise and crude oil prices will increase. This pattern will continue long into the future.

"Mr. Speaker, I ask you and everyone in this Chamber to support this bill; a bill that is not about today or even tomorrow. This bill is about the future long-term economic viability of our State. Thank you."

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

"Thank you, Mr. Speaker. I rise in support of this measure. Mr. Speaker, in the parlance of the Representative from Hawaii Kai, non-support, may I repeat, non-support of this measure is economic development and job killer number one. This bill should not be viewed as a tax, but a retention fee. A retention fee to reduce the over \$8 billion each year that we ship offshore to pay for our imported fuel and food.

"One year ago when we voted on a similar measure which was vetoed by the Governor, and that was House Bill 1271, where all the funding was dedicated to energy and food security, we were recovering from an oil price spike which peaked at \$145.29 per barrel on July 4, 2008. When we took that vote on House Bill 1271, crude oil was hovering at about \$51 per barrel. Today the price of crude oil is at \$86 per barrel. The past 52-week pricing ranged from \$44.45 to \$86.42 per barrel, and the one year forecast is projected at \$99 per barrel.

"As the global economy improves and demand increases, the oil pricing trajectory is upwards. Mr. Speaker, as politicians, we can all agree that there is never a good time to raise taxes. It is very easy, especially in an election year, to chant, 'No new taxes.' During a time of recession, we question ourselves about the wisdom of raising taxes. However, Mr. Speaker, in dealing with energy issues, the window of opportunity for Hawaii is limited and getting smaller each day, and it's going to cost money. If we want to put our energy and food security strategies into action and implementation, we have to pay for it somehow. Doing nothing is not an option, not if we call ourselves leaders.

"As an isolated archipelago, we are vulnerable to fuel and food supply disruptions and global forces beyond our control. A transition to a clean energy economy and a strategy to reduce both our fuel and food imports, which is funded through this tax increase, puts Hawaii's destiny more

under our control. It will take long-term planning, a smart strategy, public-private partnerships, an infusion of new technology, smart investments and political will to achieve this strategy. However, we can only achieve this strategy with political will and putting our money where our mouth is.

"Mr. Speaker, the economic development opportunities are in the energy, agriculture, health and education sectors. However, the energy sector is the bedrock of our economy. Stable, predictable energy pricing is a major factor that affects each sector of our economy and offers an opportunity for economic growth. Moreover, Mr. Speaker, the energy sector moves hand-in-hand with information technology and communications, as technological integration require software and communications support.

"Hawaii should be the center of research and development, technology validation integration for a clean energy economy transformation. But we can only be taken seriously and achieve these goals if we, as the residents and businesses of this State, make the needed long-term commitment and investment by again putting our money where our mouth is.

"Colleagues, don't be 'pennywise and pound foolish' on this measure. Mr. Speaker, the reality is that if this bill does not pass, when the ARRA funds run out, DBEDT's Energy Division will not have the funds for staff to drive the Hawaii Clean Energy Initiative next year. The State will not have any funds available to cost share any Department of Energy awards which will limit our ability to compete for federal funding, and the agricultural sector will continue to limp along with further declining resources."

Representative Takumi rose to yield his time, and the Chair "so ordered."

Representative Morita continued, stating:

"Thank you. Mr. Speaker, if this bill does not pass, what I fear the most is that clean, renewable energy and energy efficiency will only be available to those who can afford to make the transition. As the cost of fossil fuels rise, it will be those who can least afford those rising costs that will ultimately bear the burden of maintaining an antiquated electricity and transportation infrastructure.

"One of the key objectives of the Hawaii Clean Energy Initiative is grounded in social and economic justice; that is, we provide for a strategy that moves our entire community forward to secure the benefits of a clean energy economy and food security transformation for each person and business throughout Hawaii. Mr. Speaker, the tax is broad-based, a burden shared by all and a tax that can be easily offset by efficiency and conservation measures.

"Mr. Speaker, I will put this bluntly because I don't know of any other way I can describe this. When the Lingle Administration leaves office, the ARRA funds allocated for energy and the Petroleum Violation Trust Fund, which has supported the Energy Division for several decades, will be depleted and sucked dry. In dealing with critical issues like energy and food security, these are long-term strategies that cannot be planned for or implemented by election cycles or a single person's action for a large scale transformation to occur. We all have an on-going and important role to play in this endeavor.

"Mr. Speaker and colleagues, today we have the opportunity to look at our children and grandchildren in the eye and say, 'I voted in favor of this bill that will change the course of Hawaii's destiny by working to reduce Hawaii's dependency on imported fuel and food. I put my money where my mouth is when I voted for a tax increase to ensure energy and food security for Hawaii despite my fear of how voters will react in the fall elections, because it is the right thing to do for the future of Hawaii.' We can say that, 'I am a leader in this State, helping to achieve energy and food security, to secure a healthy, safe and prosperous future for our families and our businesses.'

"So Members please, I ask for your vote on this measure. Thank you."

Representative Pine rose to respond, stating:

"Just in rebuttal, Mr. Speaker. I have a lot of respect for the previous speaker. I think she's amazing and really knows what she's talking about in this area, but unfortunately all those wonderful things that she said that this bill does, it doesn't do that anymore. It's just all about simply a tax increase on the people of Hawaii. The majority of the money that's raised from this tax increase is going to go to the general fund, and not for any of the wonderful things that she talked about. Only a smaller portion will be.

"When I talk about this bill being 'hijacked,' that's the reason. We're hijacking the hopes and dreams of people who've worked so hard on this issue and we're sticking it to the people of Hawaii and increasing taxes on a barrel of oil.

"I too will stand by my vote because many people will use this against me. That I'm against the environment. But in the end, I too am committed to the people of my district who I promised that I would never give a phony bill and say it did something and vote for it when it didn't do what I told them it would do. So I cannot in good conscience vote for a bill that is just simply a tax increase on the people of Hawaii and that's it."

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

"Thank you. I rise in support. One thing that was very clear by the constituency in West Hawaii is that we have to move to renewable energy. It is so high on their list, and they're saying, 'You have got to do this. What is wrong with you people? Haven't you gotten the message? We have got to get off oil. We have to go to renewable energy.'

"I do not agree with the previous speaker that this is a phony bill. This is a bill that really hits the mark about, we have got to move forward. We have got to do this and the time is now. I totally agree with the Chair of Energy and Environmental Protection, and Mr. Speaker, may I have the words of the Chair in the Journal as my own.

"Thank you. I just want to also point out that some of the funding for the Department of Agriculture, and DBEDT and some of the people that would support the implementation of this will be funded out of the general fund. So to say that putting money in the general fund isn't going to be used for this, I think is really inaccurate. Mr. Speaker, I just want to set the record straight that this bill is about moving us forward, and that's what the public wants.

"I do believe it's a job stimulus, job creation bill also, because we have people coming to Hawaii that are investing their money now, believing in what we have to offer in Hawaii. We have the water. We have geothermal. We have solar. We have wind. We've got all the technologies, and they're coming here. They're investing because they believe in it too. This is telling everybody that we also believe in it. Thank you, Mr. Speaker."

Representative Ward rose to respond, stating:

"Just a brief rebuttal. Or let's say, a brief reminder to begin with. First of all, rather than denigrate, I think we should commend the Governor for her Hawaii Clean Energy Initiative which Mr. Speaker, the reality is this Floor voted that and its series of bills down. Now we're pounding our chests, taking credit for all the good things we're doing when in fact she took this and said there's \$7 billion leaving every year. Let's put that every year lower, and lower, and lower to where in 30 years, we're going to have it down to 70% renewable energy. The bills that she put in place, we pushed aside. So I think we have to be honest with what we did and what she's done and what monies have been coming in because we signed an agreement with the Department of Energy, which that agreement is now going on."

The Chair addressed Representative Ward, stating:

"Representative Ward, would you confine your remarks to the barrel tax that is before us which is \$1.05 per barrel, and how it is split between programs."

Representative Ward continued, stating:

"Which is the second part of the rebuttal, and that is, we have to be aware of what we're doing, Mr. Speaker. I mentioned on the Floor last week that we are now second in the world for the cost of doing business. If you're someone without the means to even make your business work, the attractiveness of coming to Hawaii for business is going to be very low, and 80% of our jobs come from the private sector.

"But even if it has nothing to do with the business community, Mr. Speaker. It just has to do, as my colleague from Ewa Beach said, about survival. You know, we have 300,000 people who are dependent upon some kind of a government help for them to survive. To keep their nose above water."

Speaker Say: "Representative Ward, please confine your remarks ..."

Representative Ward: "Mr. Speaker, we have to be considerate. Mr. Speaker, this is a tax increase, and it's going to make the cost of living increase and it's going to hurt the poor people. That's the bottom line of it. We have to be aware when we vote on these things. We can talk about all the nice things about it, but we've got to remember the guys who don't have the money; this increases their food, their gas, and everything else. That we were just not doing anything to hurt them. We've got to keep our eyes open, Mr. Speaker. That's the bottom line. We have to be aware of what we're doing. We're already the second in the world. It's expensive to live in Hawaii. Thank you, Mr. Speaker."

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

"Thank you, Mr. Speaker. In strong support. May I ask that the comments from the Representative from Hanalei be inserted into the Journal as if they were my own? Thank you," and the Chair "so ordered." (By reference only.)

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

"Thank you, Mr. Speaker. I rise with troubled opposition. We're being told often that half a loaf is better than no loaf at all. I wanted to share just a moment, the trouble I've had thinking about this bill. Because last year when we did pass HB 1271 and it was vetoed, it was the kind of bill that we're discussing in terms of content here. Unfortunately the Executive Branch's perspective about what leadership means and the content of that precluded us from having that pass.

"So my concern with this particular bill is not in the content, but rather in the allocation. I've polled my district. I've polled other districts. Citizens are not adverse to raising taxes if they know more clearly how those taxes will be used and how it will be measured. I completely and thoroughly appreciate the Chair, Vice Chair, and the other Members of this Body who have worked so diligently to uphold even the little bit that's left. There are few of us here who would disagree with the merits of the bill, and the trouble I have is that I would have liked us to be more bold, more courageous. I look forward to the following bills coming up that will demonstrate the leadership that this Body can provide. Thank you."

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

"Thank you, Mr. Speaker. In opposition. Thank you, Mr. Speaker. First of all, I think it's well known my support for the environment and alternative energy, for agriculture. But call it a retention fee. Call it whatever you want to call it. It's still a tax on our people and a tax on our businesses when they can least afford it at this time. I just think that it's a bad time to be doing something like this. I know that our Legislature can think of better ways to accomplish the ends that we want to achieve in both agriculture and in the environment.

"I want to ask that the words of the speakers from Ewa Beach and Hawaii Kai be entered as my own."

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

"Thank you Mr. Speaker, I'd like the words of the Chair and the Vice Chair of the Committee entered into the Journal as if they were my own. In support, Mr. Speaker.

"Just briefly Mr. Speaker, you may have known that I was fortunate, my family was fortunate to be able to put in a photovoltaic system late last year. I just received my electric bill for last month and it was \$18. Months ago I was paying a bill as high as \$160 and \$170. When you take a look at spending \$7 to \$9 billion each year and having all of that money just escape us and leave Hawaii, I think we all have to be concerned.

"But the reason why I bring my situation up as an example is I think in order to get to the point where everybody in this State can benefit from the harnessing of this free energy that we see each and every day from Hawaii, through the sun, or through the wind, or through the waves. We need to help, and the best way we can help is to create incentives.

"So I look at it as an opportunity to give back to the general fund the support that the general fund has given in the area of food and energy security. If you take a look at that, I think we would all agree that much more than what is going into the general fund is being taken out for this effort, and I think if you look in total we all agree that we have to, soon, rid ourselves of the handcuffs that \$7 to \$9 billion that is placing on our economy.

"We are the only state that has this challenge. This serious challenge of losing billions to others and we've got to change this and I think this particular measure does that. Thank you, Mr. Speaker."

Representative Tsuji rose to respond, stating:

"Thank you, very much. In rebuttal Mr. Speaker. To those who may comment that, who do we select when crises occur. And our being so isolated here in the State of Hawaii. History has proven it already. Go to the energy side, when we have a crisis. Who lines up at the gas pump relying on imported fuel? It is a crisis situation, a panic situation. We as the public, when there's a food shortage or when there's a crisis, who goes and prays that they can have a half of a loaf of bread? It is we, Mr. Speaker, whether it's energy consumption or fuel consumption, or even food consumption.

"Mr. Speaker, this bill, yes, it may have been, to use the term, 'morphed,' but we took a little different direction in trying to see and being futuristic. A percentage of this, yes I agree, will go to the general fund. In the next two fiscal years, anywhere from the lower \$20-something million, to mid \$20-something million. That will go to the general fund and I say its part of the compromise. But this in turn will help and revert to supplement and support energy and environment and food supply and food resources that we so desperately and direly need. Please, Mr. Speaker, lead us into the support of this legislation. Thank you."

Representative Belatti rose in support of the measure and asked that the remarks of Representatives Morita and Coffman be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Finnegan rose in opposition to the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Finnegan's written remarks are as follows:

"Mr. Speaker, I rise in opposition to HB 2421. This increase in the barrel tax, while masquerading under pretenses of energy and food security, is nothing more than a tax increase to fund the general fund. We need to be honest about what this measure is and what this measure will mean for Hawaii's residents. Although the Legislature may see this measure simply from the "revenue generating" perspective and maintain that consumers will only see a few cents difference, the truth is that consumers will be impacted at all levels.

"Energy is a factor built into the costs of everything: gas, electricity, transportation, and commerce. Realistically, Hawaii's residents are going to face an increasingly crushing tax burden with the enactment of HB 2421. Rather than increase the cost of living in Hawaii, the Legislature should be focusing on reinventing government and cutting the costs and expenditures of government."

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

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

"It is unfortunate that so much of the funding produced by this bill will not be going directly toward energy independence, but given the economic downturn the State is in, I understand that those funds will be going to fund other important issues like health services and schools.

"It is important that we establish a source of funding for the renewable energy programs and services now while we still have the opportunity to receive federal matching funds of at least \$4 for every \$1 Hawaii contributes toward renewable goals. We cannot allow the opportunity to move away from imported oil to pass us by. As the cost of oil continues to inexorably climb, the future of our economy, and the success of our next generation depends upon it."

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

Representative Morita's written remarks are as follows:

"Mr. Speaker, thank you for the opportunity to make additional comments on House Bill 2421. With all due respect to the speakers from Hawaii Kai and Ewa, I find their remarks disingenuous as they both voted against House Bill 1271 last year when all of one dollar increase went to energy and food security programs. I can understand when a legislator is straightforward in their opposition to tax increases, but one should not 'sugar coat' their opposition by saying if only 100% went to energy and food security when the record is quite clear there was no support there either.

"Mr. Speaker, I want to reiterate that next year, should the Governor veto this measure and the Legislature fail to override this veto, all of our efforts in the Hawaii Clean Energy Initiative may come to a halt. For the past three years we have been riding on the U.S. Department of Energy's coattails, where millions of dollars have been invested in Hawaii to launch the HCEI through cash and technical support. Unfortunately, the State's financial support was a drop in the bucket and did not commensurate with that of the federal government. As the Department of Energy regrouped to fund Secretary Chu and President Obama's key renewable energy priorities, we may see a drop in the feds commitment to Hawaii, primarily because we have not paid our fair share. I am sure that Governor Lingle and I are equally passionate about moving Hawaii to a clean energy future, but I am realistic and pragmatic that such a future goes way beyond a single Administration or Legislative Session. And, such a commitment takes not only political will, but money too.

"Therefore, Mr. Speaker, leaders from the Governor on down need to put their money where their mouth is if we are to achieve a clean energy future and food security and sustainability for Hawaii.

"Mr. Speaker, I would also like to resubmit my Floor remarks for House Bill 1271 which is the bill the Governor vetoed last year on this very subject. Everything I said that day is still relevant to the decision we are making today on House Bill 2421.

Floor Remarks – Representative Hermina Morita
House Bill 1271, HD3, SD2, CD1

Mr. Speaker, I rise in support of this bill. When we passed the bottle bill in 2002, I remember Speaker Calvin Say looking at me and saying, "this one is for the children." I truly appreciate the support I have received from this body's leadership and my co-chairs and conference committee members because this bill is a really big one. We act on this measure not only for Hawaii's children but for all children throughout the world. This dedicated tax is an investment to make Hawaii the model for energy and food sustainability which the world can look to. Achieving energy and food security for Hawaii is a long-term strategy which takes resources for implementation. We can talk all we want about our desire to achieve energy and food security, but as my trusty

vice-chair, the Representative from Kona, pointed out, without dedicated funding it will be just talk with no action.

New York Times columnist, Thomas Friedman sums our situation up pretty succinctly in his latest book, *Hot, Flat, and Crowded: Why We Need A Green Revolution And How It Can Renew America*.

Let me paraphrase what he says:

"Unfortunately, up to now we have been trying to solve the problems caused by the Dirty Fuels System piecemeal, one at a time, instead of trying to create a new system to replace it. The result has been that as we try to fix one problem, we end up creating or exacerbating another. We need a whole new system for powering our economy. The only way America will remain a big power and big player in the global system is if it is big in big things. And there will be no bigger undertaking in the world we are heading into than the production of clean power, energy efficiency, and protection of our forest, plant, and animal heritage. . . Green is the new red, white and blue.

Mr. Speaker, whether this body realizes it or not our journey to this point began almost forty years ago. In 1970 at the Governor's Conference on the Year 2000, a Hawaiian woman named Pilahi Paki spoke spontaneously to a room filled with community, educational and legislative leaders. Eloquently and simply, she told them that aloha, her ancestral legacy, is meant to be shared.

She said, "*Aloha is the coordination of mind and heart . . . it's within the individual. It brings you down to yourself. You must think and emote good feelings to others.*" Prophetically, Kupuna Paki told the attendees "...in the next millennium, the world will turn to Hawai'i in its search for world peace because Hawai'i has the key...and that key is ALOHA."

Kupuna Paki passed away in 1985, however, her legacy still exists. Acting upon her message, the "Aloha Spirit" law was passed in 1986. As a model law for the world, it can serve the greatest number for its greatest good. The world is in dire need to experience *Aloha* and to learn how to apply *Aloha* in our daily lives. And now we even have a great ambassador of Aloha, with all due respect, not Kaniaala - Danny Kaleikini, but the President of the United States. Respect for nature, universal human rights, economic justice and a culture of peace. These are the kind of values we share and these values can be embodied in a single word, Aloha. Aloha is the foundation of any community.

Mr. Speaker, one of ways to achieve Aloha worldwide is through renewable energy. Let me try to explain.

In my view of the world, specifically from the perspective as Chair of the House Energy & Environmental Protection Committee, I see energy issues as a root problem contributing to disasters like September 11 and the wars in both Iraq and Afghanistan. Former CIA Director, Jim Woolsey, describes our national energy dilemma as malignant and malevolent. Malignant because of the cancerous effects of climate change and a weakening economy and malevolent as our over-dependency on middle east oil feeds into middle east regimes that condone terrorist ideologies.

However, I also see energy, that is renewable energy, as an avenue to peace . . . thus placing us in Hawaii at a very critical juncture to become the premier demonstration site for clean energy systems and the model for the rest of the world.

The energy industry is facing something that has already happened to the telecommunications industry and within information technology – decentralization and miniaturization. These same trends are happening in the energy sector and the most significant change is how energy is generated and distributed which can ultimately result in the decentralization of political power affecting individuals, communities and countries.

For example, today, with available energy technology and emerging technology, this decentralization is as small as a person or business to

function completely independent from the electrical transmission grid and the monopoly public utility. On a larger scale, in a fossil fuel based economy the current political power is as influential as countries that have fossil fuel resources, such as the members of OPEC, over those countries that are dependent on imported fossil fuels for electricity and transportation needs like the United States, Japan and many European countries. However, with renewable energy, the balance of power has the potential to shift or become neutralized because unlike fossil fuels, some form of renewable energy can be found in most parts of the world. So there is no doubt that renewable energy and emerging technology is a major threat to the way current oil rich countries and multi-national corporations function economically and politically.

But, unfortunately, the quest for power – both in the energy sense and political sense – leave many people behind. And, those left behind are the incubators of discontent that jeopardize not only our efforts for peace and quality of life but also assurances for a clean and healthy planet.

Through renewable resources and the advancement of sustainable technologies there are very few reasons why all areas of the world cannot improve their standard of living. I see renewable energy as providing clean fuel for cooking or heating needs to improve indoor air quality – rather than scouring for pieces of manure, coal or wood to burn. Rather than cutting down stands of vegetation for fuel, which could lead to soil erosion and threaten watershed/recharge areas, time could be spent more productively towards sustainable cultivation. Rather than hauling water in containers – providing water pumping and delivery systems and hopefully, indoor plumbing systems as well as water purification and sewage treatment and solid waste disposal to provide for sanitary conditions. Therefore, renewable energy is a pathway to peace.

Mr. Speaker and colleagues, this bill symbolizes a monumental opportunity for Hawaii. For those concerned about the impacts to our Hawaii families, I urge that the focus be put on how this tax can be offset through energy efficiency measures and perhaps next year targeted tax credits to help alleviate any burden to our Hawaii families. For those wondering about the nexus between a barrel of oil and food, I urge them to read the *Omnivore's Dilemma* by Michael Pollan.

This bill symbolizes and works toward an investment in the future of children and grandchildren for a peaceful, healthy and prosperous world. I urge my colleagues' full support and hope you are all prepared to override the Governor's threaten veto of this measure."

Representative Carroll rose in support of the measure and asked that the remarks of Representative Morita be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Ward rose in opposition to the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ward's written remarks are as follows:

"Mr. Speaker, I am presenting written comments in opposition to HB2421, which increases Hawaii's barrel tax from \$.05 per barrel to \$1.05 per barrel in order to promote the State's food and energy security. This bill was referred to as "Job Killer #1" in previous speeches.

"Although I strongly support self-sufficiency and clean energy initiatives, I strongly oppose raising taxes, particularly in this economy. The last thing we should be doing this Session is increasing taxes, especially on something as pervasive and important as oil. A barrel tax increase will cause the price of almost everything in the State to increase. This will cause additional financial hardships to families that are already struggling to get by.

"I also oppose HB2421 because only 40% of the tax revenues will be used for the special fund, while 60% will go toward Hawaii's special fund. If legislators were serious about the environment, 100% of the funds would be used for the many worthy causes mentioned in the bill, not less than half. This bill is simply hiding a drastic and unnecessary tax increase behind a good cause.

"While protecting the environment is certainly important, it does not justify increasing the barrel tax by 2000%. For these reasons, Mr. Speaker, I oppose HB2421."

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

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

"Thank you, Mr. Speaker. In support and I'd like to enter written comments and ask that the comments made by the Chair from EEP, as well as the Representative from Pearl City except for the portion relating to having a photovoltaic system on his household, be entered into the Journal as if they were my own. Thank you."

The Chair addressed Representative Awana, stating:

"Representative Awana, with your indulgence, why don't you incorporate the comments of Representative Coffman and Representative Tsuji as part of our overall remarks so that you cover both Ag and Energy."

Representative Awana: "Yes, Mr. Speaker. Thank you. I shall do that instead of submitting written comments. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2421, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," passed Final Reading by a vote of 37 ayes to 11 noes, with Representatives Berg, Brower, Ching, Finnegan, Marumoto, Nishimoto, Pine, Thielen, Wakai, Ward and Yamane voting no, and with Representatives Har, Herkes and Souki being excused.

Conf. Com. Rep. No. 5-10 and H.B. No. 1985, SD 1, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 1985, SD 1, CD 1, pass Final Reading, seconded by Representative Evans.

At 1:58 o'clock p.m. Representative Takai requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:59 o'clock p.m.

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

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

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in reservation to H.B. 1985 CD1, which repeals the deduction from taxable income for amounts given as political contributions; increases the tax on cigarettes and little cigars by one cent for sales on or after July 1, 2010; and temporarily increases certain insurance fees.

"While I support this measure for its repeal of tax deductions for amounts given as political campaign contributions, my reservations on this measure rely on the section which temporarily doubles fees under certain HRS sections. As stated by the Department of Taxation, "increasing the insurance premiums tax as proposed in this measure will result in an indeterminate revenue impact, as drafted, due to blank amounts." Thank you."

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

Representative Finnegan rose in opposition to the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Finnegan's written remarks are as follows:

"I rise in opposition to HB 1985. This measure repeals the deduction from taxable income for amounts given as political contributions, increases the tax on cigarettes and little cigars, and temporarily increases certain insurance fees and specifies that the increased fees be deposited equally into the Compliance Resolution Fund and the general fund as an insurance license and service tax.

"Residents of Hawaii already pay some of the highest insurance premiums in the nation and taxing them additionally will only drive the costs higher. This is a cost that is going to be paid for by consumers at a time when they can least afford it. Mr. Speaker, as leaders in government, we need to find creative solutions to these financial challenges, not merely resort to increasing the taxes on everything to pay for a government that we can no longer afford."

Representative Pine rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

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

"Thank you, Mr. Speaker. I apologize, but the Chair of Economic Development and Military Affairs and I had to go up to open a Conference at 2:00 so I wasn't here for the discussion, but I do need to request a ruling of a potential conflict. Mr. Speaker, this bill raises insurance fees by double and I am a broker. Thank you," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1985, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Final Reading by a vote of 44 ayes to 4 noes, with Representatives Berg, Finnegan, Marumoto and Pine voting no, and with Representatives Har, Herkes and Souki being excused.

Conf. Com. Rep. No. 51-10 and S.B. No. 2650, SD 2, HD 2, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that S.B. No. 2650, SD 2, HD 2, CD 1, pass Final Reading, seconded by Representative Evans.

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

"Thank you, Mr. Speaker. In support. Your Committees on Human Services and Health had briefings on the proposed EPOD measure. We had a tremendous amount of briefings, legislative briefings on this subject, related to the reorganization of the Department of Human Services, Mr. Speaker. These briefings provided a bounty of information. This bill is a result of those briefings. We went to Maui and we went to Kauai. We went to the Big Island and we heard what not only the Department of Human Services employees had mentioned, but we heard from the recipients, the advocates for the needy, and they explained what would work and what wouldn't work.

"They're not against being more efficient or saving money, Mr. Speaker. That was never in doubt. So I want to thank our colleagues both on the House and Senate side, the recipients, the Department of Human Services workers. We know what they do, Mr. Speaker. I want to thank you Mr. Speaker, for working on this measure, and for giving us your expertise and knowledge in crafting the correct bill. I want to thank the Senate leadership, the Finance and Ways and Means Chairs, the Majority Leader, the Senate Human Services Chairs and the Senate Consumer Protection Chair, as well as our House and Senate staff members, HMSO and SMA. I want to thank the Department of Human Services employees for really stepping up and not backing down. Respectfully coming to the Legislature and telling us their plight and telling us it's not about the money, it's not about my job. It's about saving another life, and about helping another person.

"Mr. Speaker, I want to tell you what our Department of Human Services employees do. They provide priceless services to the disabled, the elderly, the blind, the deaf, domestic violence victims, homeless victims, people that suffer from mental illness. They provide child protective services and adult protective services. Mr. Speaker, I know this because I've worked with them for ten years. I know how hard they work.

"Mr. Speaker, this bill is a good bill. It actually represents not only what the Department of Human Services wants and the Legislature wants, but it also represents part of what the Governor wants. And as ironic as this may seem, it also represents what the Director of Human Service wants. We are all for being more efficient.

"We believe we have provided the proper safeguards to work together. To work together with the Administration on being more efficient. We look forward to the dialogue with the Supplemental Nutrition Assistance Program Administrator. That's a key person. That is our administrator for the SNAP program. The Director has to work with her if we're going to get something that's good policy, solid policy. We look forward to that, Mr. Speaker.

"We look forward to the Director working with the Chief Investigator for the Department of Human Services as we make sure we don't have welfare fraud sky rocket or become rampant without proper safe guards. This is the prudent thing to do. We'd like to save money, we'd like to be more efficient, but we'd like to work with the workers at DHS.

"We also want to make sure we don't violate federal law. Again, we have to make sure that we are on board with the United States Department of Agriculture so we are not subject to fines or reprimand. We certainly do not want to violate federal law here, Mr. Speaker. We also want to make sure that the Department of Human Services abides by Title VI of the Civil Rights Act of 1964. Of course, Mr. Speaker, this requires that State agencies provide language services to limited English proficient applicants and recipients. We want to make sure that we don't violate federal law.

"Mr. Speaker, I just wanted to summarize this by ending this on this note. In going to the briefings and meeting our Department of Human Services employees, we learned that they value what they do. They shared with us on the Big Island, Maui and Kauai, that if there is a subject of great value, you have to fight for it. You have to fight for it. This is what they have done. Mr. Speaker, your stellar Kauai delegation, we had a hearing at Kauai Community College. They stood up, they're a close-knit community. Maui the same, Big Island the same. They fought for what they thought was right, Mr. Speaker."

Representative Tsuji rose to yield his time, and the Chair "so ordered."

Representative Mizuno continued, stating:

"Thank you. I'll be just another minute. We understood from the Department of Human Services employees that to use your life to ensure the lives and future of others represents the greatest gift a person can perform. So we want to thank the Department of Human Services employees, HGEA and their union representative, the recipients, and the advocates for the needy, for all they have done. Certainly the genesis of the bill came from them, not from one person. Again finally for the Neighbor Island Representatives, they have done a great job. This is possible because your Neighbor Island delegation brought this home. Thank you, Mr. Speaker."

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

"Mr. Speaker, in strong support, please."

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

"Thank you, Mr. Speaker. I rise in opposition. Mr. Speaker, it's tremendously difficult to actually argue on this bill because there's many misconceptions, as well as the fact that people may think that this is really going to be detrimental to the vulnerable population. It's kind of counter-

intuitive when you look at the history of this bill and what's been going on in government, that you would think that, why wouldn't this hurt the vulnerable population.

"Mr. Speaker, let me just start off by saying, I think that after hearing the passion that's not only in the Chair's voice of Human Services, but on the previous bill you heard the passion of the Chair of the Environment Committee. What I would like to share is just that we too share that passion for doing things better, for making the right decisions. It's just that we see it differently.

"So I'm going to start off, hopefully if you have some patience with me Mr. Speaker and colleagues, with why I feel so strongly about this bill and being against this bill. I've taken in a lot of emails and read them. I've taken a look at all the testimony and tried to study the programs. And of course I'm not sitting in the eligibility offices, but I think that I understand it pretty well.

"Mr. Speaker, the premise for the EPOD modernization program first and foremost was to provide better services to the vulnerable, and I'm going to explain why. Mr. Speaker, I wanted to get to some of the points that the previous speaker talked about, about Title VI federal law of 1964 and providing language services.

"Currently, and I have this from email from other folks that they do say, eligibility workers, that they do say this service is a call-in service where they get interpretive services through contract because they can't higher all the different languages right then and there and have them sit around in order when people need them. So they call in and they get this contracted service by telephone. Mr. Speaker, that will not change. You will still be able to call and get the interpretive services by telephone.

"Some may think that this version of the bill is a compromise, as the previous speaker has said. It actually isn't. I believe this version of the bill will kill the existing EPOD modernization plan. This is no compromise. By limiting the pilot project to Honolulu County, the ability to help with the backlog of applicants that exist on Maui and Kauai will not happen. Right now, that's a federal law that we are not abiding by. We are supposed to have the applications be processed within the first 30 days, and instead it's going on longer.

"The people who are against the EPOD or Eligibility Processing Operations Division modernization plan I believe, and you know whoever's fault, really do not understand how the new program could and would work. Some people who are against it are looking at all the people who apply for public assistance as incapable of using a phone or using a computer. This is simply not true, Mr. Speaker.

"I'm going to share with you some of the emails that I've received. In fact I'm going to start with this one. This is from a supervisor and she was saying how, and I apologize to this supervisor if she's watching. But she was stating how these case workers or eligibility workers, and I kind of downgraded their job responsibilities because I said they just change addresses. That's not what I meant when I was saying that at the last Floor debate. But let me read you some of the things that were emailed to me.

"She said, 'My workers are not only eligibility workers, but because of the shortage of office assistance staff due to the RIF they are also required to assist on the phone lines, as well as greeting directly our walk in clients. We have clients that walk in with medical emergencies and need medical assistance to treat life threatening conditions because doctors that took an oath to help people will not see them unless they can produce an approval letter.' And she basically talks about throughout this whole thing, pregnant women and how ..."

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

Representative Finnegan continued, stating:

"Thank you, Mr. Speaker. She talks about how they're not able to get these services. Mr. Speaker, the eligibility program modernization program actually helps people get their services quicker because there will be less of a backlog. I'm going to go through the letter of March 25th from the

Director to Sanford Chun of HGEA that explains how the program will work.

"For instance, it talks about online applications and call centers. Let me start with this. 'On page 20 of the SNAP toolkit the federal government notes the need for state agencies to overcome certain common myths and staff concerns including for example,' and it's quoted, 'some state agencies find that workers are reluctant to conduct eligibility interviews over the phone because they believe clients are more likely to lie about information over the phone. State agencies can reassure workers that states with this option have not reported an impact in error rates after the implementation of telephone interviews.'

"It also says in that same SNAP or food stamp toolkit book, 'Call centers increase program access because applicants have one number to call for interviews and application questions. For call centers to increase its access effectively, SNAP households must know that they should call the call center and not their worker.'

"It also states here, 'The SNAP toolkit notes on page 25, as of July 2009, 21 states had statewide online applications. Online applications can increase program access to households who cannot easily get to a local office for an application such as working households, households with difficulty obtaining transportation, households with disabled, etc. Additionally, online applications allow households to submit their application at any time.' The SNAP toolkit continues, 'Online applications reduce the amount of time workers must complete data entry.'

"Mr. Speaker, in Utah just recently they implemented something similar to the EPOD program and let me just kind of explain to you what it says in one of their descriptions. It says, 'In these difficult economic times many government agencies are striving to improve the quality and efficiency of citizen service delivery. The State of Utah has taken an innovative approach to transforming the way services are accessed and delivered with the electronic resource and eligibility product, the EREP,' which is like our EPOD. 'EREP is an automated enterprise solution that integrates eligibility and benefit calculations for more than 60 social service programs. With EREP, state case workers are more productive, citizens can access more services themselves online and clients are experiencing more positive outcomes in addition to saving money. EREP provides better services for citizens by connecting multiple social service agencies and programs with online access to knowledge and available services and reduce time to benefits.' They get the benefits faster.

"Mr. Speaker, I just have so much, so much here. Not only did I receive emails from some, but I also talked to people who work there. Of course I'm not going to share any names because they don't want their name shared. They don't want their workmates to be upset with them. Mr. Speaker, when they learn about the program, they see that it can be doable. They see that it is a more efficient way, and I've spoken to more than just one.

"Mr. Speaker, the threat that someone will not have access, and it said in one of my emails from someone if I can find it. She goes on to say, 'as an adult protective services investigator,' and she talks about a situation where there was a couple and this couple had really huge needs for Medicaid, medical insurance, and it was so difficult for this woman to be able to ..."

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

Representative Finnegan continued, stating:

"Thank you. In fact let me go ahead and read some of this. It says, 'They have been given a welfare application to fill out but the wife had procrastinated because she found the form intimidating and not user friendly.' She talks about how she was flustered and discouraged and wanted to give up. 'We begin by calling her insurance office so that she could make arrangements over the phone. Although the representative recognized her distinct voice, she explained that it was not possible for the social worker to pick up the client's paperwork even if the client provided written authorization.'

"Then she goes on to say that she took seven hours to accomplish helping her. She's an adult protective services investigator. It says, 'How much more difficult do you suppose it would be for the elderly, disabled applicants who have no support system to call the EPOD office, likely multiple times, in order to get guidance and help in comprehending precise instructions for paperwork that is confusing and intimidating for them. I fear for dependent, elderly and foreign clients who live "off the grid" in the isolated areas of rural Ka'u with no phone, no transportation, limited or no social services, etc. Who will assist and advocate for them?'"

"When I first read it I said, 'Yeah, who will do that?' Mr. Speaker, that is no different a situation than what we have now and before the RIF. If you don't have a phone, if you don't have transportation, under the existing system you aren't going to get it. So comparing the existing system to the new system, under the new system if the person had a phone, they could get services, whether it's a cell phone or whatever. But at least they would have the option of possibly getting services, versus right now a person with no transportation and no phone, they don't have it. If they're doing it by mail, you can do it by mail and continue to do that now or when a modernized EPOD application system works.

"What happens, Mr. Speaker, is this is giving more options, right now in places like SNAP. This is your food stamps area of eligibility. They just implemented last year the ability to do telephone applications. Mr. Speaker, in the different units, with some not doing telephone applications and others doing telephone applications, the backlog in the telephone applications area has improved sharply; and in the other areas, not so much.

"Unfortunately this particular plan does call for a lot of Reduction In Force, Mr. Speaker. But I believe that through the use of some of these other types of methods for people to do their applications, you're going to be able to streamline a heck of a lot better, lessen the backlog, lessen the time for people.

"So how does that work you might ask? It works because if one person does an online application, that hour or whatever it took to do that online application, the data entry that was just done does not have to be done again. It is in the system. Mr. Speaker, how many people do you think can get on a computer? Not even those disabled people, or somebody who's unfortunately lost their job. Maybe they were working as a clerk already, or maybe they were working as a flight attendant, or whatever they might be, and they needed some public assistance. Are you telling me that they can't go online to alleviate some of the work that the case workers have to go through?

"Mr. Speaker, my niece two years ago ended up being in a very difficult position with two kids and she had to apply for Medicaid. She had Med-QUEST, she would go to the offices and everything like that while she was working with two kids."

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

The Chair addressed Representative Finnegan, stating:

"Representative Finnegan, please proceed. I hope you could summarize your statements."

Representative Finnegan continued, stating:

"I would try Mr. Speaker, but there've been so many misconceptions of how this will work. For someone like my niece who does Facebook, came over to my house because I watched her kids, could jump on to the computer and go and do Facebook to catch up with people or whatever she was doing, and had a cell phone. I worked with people who are homeless at Blaisdell Park and in order to contact them, they had a cell phone too.

"I'm not saying that everybody has to do an online application. I'm not saying that everybody has to do a phone application. But imagine if you had a hundred applications and of those hundred applications twenty people could do online applications, or maybe an additional 15, or 20, or 30 people could do phone applications because it was more convenient for

them. Wouldn't you want to do that to alleviate the case load of the different workers?"

"Mr. Speaker, after finding this program in Utah where they are doing the 60 different eligibility social service programs and did this EREP program, I found out that their applications are 80% online. Mr. Speaker, if we are seeing Maui having these huge backlogs, I believe that we should not kill the modernization plan moving forward, but really look for a real compromise between the two situations.

"If you think that's it all about money and all about saving money, I would highly disagree with that. We stated the Republicans had a six-year financial plan and we tried to be very transparent with what those choices would be. As well as the Governor who has a six-year financial plan. Neither of those financial plans put the savings of EPOD in it. This is not about just money, Mr. Speaker. This is about quality of services and if there is something that makes us not quite operate, and I'm not saying anything against the case workers. If the case workers are given and trained to do a certain process, that's what they're going to do. This EPOD program is asking others to adopt the program that can be more efficient for them and their workload.

"Mr. Speaker, there is a bunch of other information in here that, and I hope that those who work in these eligibility areas will read that 25 page letter. And let me just say, if this Body or my colleagues think that it's easy to make a decision like this, of course it's not. In fact I've had people that you wouldn't expect tell me, 'Lynn, why don't you back off on this?' It is an election year. HGEA is not going to be happy with you.' Absolutely not, because I believe this is the right thing to do.

"Mr. Speaker, whether it's a money issue or not, take a look at this bill and think of those people that you will be helping. There are those people who cannot wait in offices. There are those people who need to work. There are those people who need our help to create a system that is more friendly to them. When you look across the nation, even here in Hawaii, there's this misnomer that you're going to be picked up, you're going to make a call, and you're going to get lost in this automated system. Absolutely not."

Speaker Say: "Representative Finnegan, would you just summarize your statement since the Chair has been very generous in allowing you to speak for over 20 minutes."

Representative Finnegan: "Absolutely Mr. Speaker, but you know what? The reason why, Mr. Speaker, this is so important because the main reason for this bill is to stop the RIFs, I believe, that will be coming up."

Speaker Say: "Representative Ward, will you yield your time? This will be going on to 25 minutes."

Representative Ward rose to yield his time, and the Chair "so ordered."

Representative Finnegan continued, stating:

"Thank you Mr. Speaker. I guess I'll stop. But could I please do some written comments. I ask if there's anyone in this Chamber that can tell me that these things, and specifically point out why this won't work, and you have to compare the differences between the existing system and the failures of this existing system, and say that those failures within the existing system are going to be helped by the status quo and not changing things. Thank you."

Representative Finnegan's written remarks are as follows:

"I rise in opposition to SB 2650. This measure authorizes the Governor to develop and implement an eligibility-processing operations division pilot project for counties with a population of 500,000 or more and prohibits any department of human services reorganization plan proposed prior to the effective date of the bill or other than the pilot project proposed by the bill.

"Director Koller has tried to implement changes but has experienced resistance, despite successful demonstrations of telephone processing of

Supplemental Nutrition Assistance Program (SNAP) applications. Many of those opposed to the original version of streamlining that Director Koller proposed cite fraud as a primary reason for opposition. However, there was no opposition to telephone interviews back in 2009 when it was hailed a measure to alleviate the case workload. Additionally, MedQuest has only 15% face-to-face applications and the rest are either processed by mail or fax.

"If the State can more efficiently and effectively deliver services to the needy, then it has an obligation to do so. Preserving antiquated and ineffective strategies of the past serve no one but an inefficient and ineffective government."

Representative Sagum rose in support of the measure and asked that the remarks of Representative Mizuno be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

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

"Thank you, Mr. Speaker. In support and I'd just like to make a few comments. First of all, I think this bill is a compromise measure. This bill is going to allow the EPOD process to go forward on the largest island with the largest population. So we are in fact moving forward in a prudent manner.

"Secondly, there's a very strong concern about fraud. And I think the people in support of this measure standing in this Chamber for that are very aware of that. Nothing that I have heard on the Floor today has addressed the fraud. When we talk to investigators they will say that part of making the case for fraud is the eligibility workers who look the person in the eye and can then be made part of the case to determine fraud occurring.

"I think we are moving in a prudent manner. I think this is a good bill, I think we should take it step by step because it is impacting so many people in our community, and yes, people who are working for government. That's all, Mr. Speaker. Thank you."

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

"Thank you Mr. Speaker, in strong support. Mr. Speaker, could I have the words from the Representative from Kalihi and from Makiki be inserted in the Journal as my own. I'd also like the opportunity to insert comments and also add on some additional comments here.

"Mr. Speaker, in rebuttal to the Minority Leader who is very passionate about this particular measure. I would just like to say that I don't think anybody here disagrees about improving efficiency. I think what we're looking at here as was mentioned by my colleague from Makiki, is that we want to take a little bit of time to look at how you impose a total system overhaul.

"It was also mentioned from the Minority Leader that there has been deficiencies that have been identified. My question is why has the Administration waited so long to come up with a plan and now all of a sudden, want to force this plan on the system where it could have grave concerns, especially on the Neighbor Islands.

"As you well know Mr. Speaker, we went to the Island of Lanai, which is my district, with the Representative from Lahaina. We did not organize a meeting. What happened was many of the people there found out we were having a meeting with the nonprofits and the DHS employees to find out how they actually operate there. And to our surprise, all of the community showed up. But it gave us an opportunity to hear firsthand from the people that provide services, from the people who receive services, and also to talk about how the Island of Lanai takes care of its own by doing more than one job and by looking at cooperating in the best way they can on an island. That gave us the idea that we need to look at all the islands and see how this impacts them.

"All I'm saying here is when we talk about transparency, where was the transparency when the Director did not even consult with the employees as we've heard from them in our hearings? Where was the transparency in the

discussion on the deficiencies and what is the best kind of system that will address those kinds of concerns? Now all of a sudden, because we are in this spiral of a downfall of our economy, now we want to impose a system that we don't really know whether or not it will work for all of us because we live in an island system. Each island has a unique way of how they address those concerns.

"I think this bill offers an opportunity as a pilot project to look at, first of all, the biggest population which is the Island of Oahu which has more resources than the Neighbor Islands, but I think also it provides for some transparency when we look at Chapter 91. I think what is important is that we get the input not only from the people who work for DHS, but also from the general community. Why? These are their tax dollars. We want to ensure that if we're talking about transparency and efficiency, that we get the input that is necessary so that we as government can provide the best model, the best framework. Not just based on what other states are doing, but what's good for Hawaii.

"So Mr. Speaker, I speak with a lot of passion because I've heard from my constituents. I sat down with them. And I've talked to them on the phone trying to get somebody to help them. Yes, we are shorthanded. Yes, we have this deficit. But what's more important is, when we make these kinds of decisions on so many bills that we talk about, we talk about transparency. Well, where's the transparency in this? I think what this bill allows is for us to take that pause to look at the system that is being proposed before us to give the employees an opportunity.

"I believe what the Minority said. Yes, if they're trained, if they're told, if they're educated on what the system is supposed to do, I believe they'll cooperate. But to make this kind of decision where the Director wants to impose a system without any kind of consultation, for me that's not right. We hear so many issues, and we talk about this transparency. I think this bill offers that transparency and gives us the time to do what is necessary so that we can have the best system that provides for the people of Hawaii. Thank you, Mr. Speaker."

Representative Carroll's written remarks are as follows:

"In strong support of SB 2650, SD2, HD2, CD1. The recent decision of the Director of the Department of Human Services to reorganize its service structure without consulting its employees or clients has spurred nearly universal criticism and apprehension. Centralizing DHS operations would seriously disadvantage persons on smaller islands in that they would be forced to purchase plane tickets just to acquire the face-to-face contact that federal law requires DHS to make available to clients. Compounding this, a constituent from Lana'i contacted me to point out that there is only one public facsimile on the entire island. The lack of available technological resources on smaller islands worries me, as does the thought of forcing this system upon elderly and disabled clients who may prove physically or mentally unable to utilize new technology.

"Recently, Speaker Calvin Say, Rep. Angus McKelvey, and I visited Lana'i, where DHS clients confirmed that a reorganization would prove severely detrimental to their community. The CD1 of this bill is largely a result of that visit, as the House Speaker recognized the need to exempt Neighbor Islands from the EPOD reorganization. I support his draft of this bill, as it will protect the most vulnerable residents of my District, but I also hope that we will be able to halt EPOD reorganization on O'ahu in the future."

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

"In support, Mr. Speaker, and I would like to call for the question."

At this time, Representative Cabanilla called for the previous question.

Representative Finnegan rose and stated:

"Mr. Speaker, may I do a short rebuttal?"

Speaker Say: "At this point the question has been called. If you want to do a rebuttal the Chair will allow you submit it as a written comment to the point of rebuttal."

Representative Finnegan: "Does that mean that I have the ability to do written comments without me requesting it?"

Speaker Say: "You may request to submit written comments in rebuttal as part of it. For those Members who would like to have their written comments for or against submitted into the Journal, you're allowed to do so now."

Representative McKelvey rose in support of the measure and asked that the remarks of Representative Carroll be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

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

Representative Ching rose in opposition to the measure and asked that the remarks of Representative Finnegan be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

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

"Thank you, Mr. Speaker. In strong support and I'd like to adopt the words from the Representative from Kalihi as if they were my own, especially the part about the good Representative from Kauai. I'd like to also adopt the words from the Representative from Hana as if they were my own, and thank goodness for the person who invented 'cut and paste' because a lot of words and a lot of typing is going to be saved because of that. Thank you, Mr. Speaker."

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

"Mr. Speaker, I have the same request. Rather than submitting written comments, may I just please enter the words of the Chair of Human Services, as well as the Chair of Hawaiian Affairs as if they were my own," and the Chair "so ordered." (By reference only.)

Representative Takai rose in support of the measure and asked that the remarks of Representative Mizuno be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Awana rose in support of the measure and asked that the remarks of Representatives Mizuno and Carroll be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Mizuno rose to respond, stating:

"Thank you Mr. Speaker, I'd like the words of the Chair of Hawaiian Affairs placed into the Journal as if they were my own. And a last request, Mr. Speaker. May I insert this petition of over 7,100 employees and recipients of DHS services?"

The Chair addressed Representative Mizuno, stating:

"Representative Mizuno, the Chair will not allow you to submit that into the Journal, but you could leave it open in your office for the Members of this House to take a look at the petition. This will allow for public access to the general public at large, and the Members also."

Representative Mizuno: "Thank you, Mr. Speaker. I will do that."

Representative Aquino rose in support of the measure and asked that the remarks of Representatives Mizuno and Carroll be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

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

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

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 2650, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HUMAN SERVICES," passed Final Reading by a vote of 46 ayes to 2 noes, with Representatives Ching and Finnegan voting no, and with Representatives Har, Herkes and Souki being excused.

At 2:40 o'clock p.m., the Chair noted that the following bills passed Final Reading:

H.B. No. 2866, HD 1, SD 1, CD 1
H.B. No. 2421, HD 2, SD 2, CD 1
H.B. No. 1985, SD 1, CD 1
S.B. No. 2650, SD 2, HD 2, CD 1

SUSPENSION OF RULES

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, the rules were suspended for the purpose of reconsidering action previously taken in disagreeing to amendments made by the Senate to certain House Bills. (Representatives Har, Herkes and Souki were excused.)

RECONSIDERATION OF ACTION TAKEN

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

H.B. No. 2085, HD 1, (SD 2)
H.B. No. 2086, HD 2, (SD 2)
H.B. No. 2383, HD 1, (SD 2)

The motion was put to vote by the Chair and carried, and the House reconsidered its action previously taken in disagreeing to the amendments made by the Senate, and agreed to such amendments for the noted House Bills. (Representatives Har, Herkes and Souki were excused.)

FINAL READING

H.B. No. 2085, HD 1, SD 2:

Representative B. Oshiro moved that H.B. No. 2085, HD 1, SD 2, pass Final Reading, seconded by Representative Evans.

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

Representative B. Oshiro rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, on House Bill No. 2085, my understanding is that my law firm issued a legal opinion on this, but I am not involved in that. Thank you," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and H.B. No. 2085, HD 1, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Final Reading by a vote of 44 ayes to 4 noes, with Representatives Ching, Finnegan, Marumoto and Pine voting no, and with Representatives Har, Herkes and Souki being excused.

H.B. No. 2086, HD 2, SD 2:

On motion by Representative B. Oshiro, seconded by Representative Evans and carried, H.B. No. 2086, HD 2, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH CARE DATA," passed Final

Reading by a vote of 48 ayes, with Representatives Har, Herkes and Souki being excused.

H.B. No. 2383, HD 1, SD 2:

Representative B. Oshiro moved that H.B. No. 2383, HD 1, SD 2, pass Final Reading, seconded by Representative Evans.

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

"Mr. Speaker, in support with reservations. My reservations are more about the process and how we came about with this final version. I really believe in life that your word is your word, especially in this building. It's so important that in the end what you say to people is what you're going to do.

"The first part of the process that I was upset about is I was told before these Conference Committees started by a leader in the Majority that we would give us and the public 24 hours notice anytime we decide to agree to a Senate version. This would allow transparency, and for the public to give it that one last try to express their feelings whether they agree or disagree with it. Because you never know, and we've seen it this Session. Sometimes bills can get killed on the Floor unexpectedly. Or it can go through unexpectedly and after we have to change some things because the public outcry was so strong.

"Now you may wonder why I am standing up in support with reservations on a Prisoner Of War, Missing In Action flag bill. I'm actually standing up to voice a lot of the feelings of many veterans that I have been working with this Session. Who would have thought that this session would be about all kinds of flags. Certainly I was not prepared for it.

"The reason why I especially have expressions of disappointment, and gosh if I was one of them I'd feel a mistrust in this system, because many veterans have been actively working together as groups and in a cohesive nature that I've never seen before. I found out that there're around 200 different veteran groups in the State of Hawaii that didn't really talk to each other until this Session.

"A few weeks ago the largest veteran's group that combines all the different organizations and have representatives from different veteran's groups asked me to come speak to them about this bill, the Prisoner Of War bill and Missing In Action flag, and of course the American flag and the Hawaiian flag bill. And they were troubled by how these bills have been treated.

"For this particular measure I guess we're agreeing to the Senate to only fly the Prisoner Of War and Missing In Action flags a certain number of days. One of the Chairs of one of the largest organizations for veterans said, 'Well, are we missing in action only five days a year? Why would they make that decision?' These are very interesting comments.

"A small group of veteran leaders came today to represent many, to put the American flag around the Liberty Bell. A Silver Star recipient came today. A Silver Star, for those Members who don't know, they're just a few short shy of the Medal of Honor. He came with his wheelchair. He can walk, but it's very hard when he walks very far away. He got out of his wheelchair to put an American flag around the Liberty Bell. And I asked him, 'You're so hopeful.' And he says, 'You know Kym, we've been talking to different Representatives and Senators, and all the veterans that are in support of the Prisoner Of War bill, and we realized that we can combine it with the ability to fly the American flag bill together without hurting each other.'

"The reason I'm so disappointed about this sudden ... I was given notice 11:00 a.m. after I just said goodbye to the veterans who came here today. I'm disappointed because they came here today. Actually they gave notice yesterday to all the different leaders that they were coming today and especially tomorrow, to talk about this wonderful compromise. And as that veteran Silver Star who almost died in Vietnam and is crippled for life said to me, 'I'm putting this flag here by the Liberty Bell because I believe in the people in this building. They're going to make things right.'"

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

Representative Pine continued, stating:

"I was amazed by his optimism because when he came here with a group of veterans, he lives in a community association and he was for this bill as well. He was told, 'Why don't you move out of that association?'"

The Chair addressed Representative Pine, stating:

"Representative Pine, we are not addressing that particular issue in regards to flag poles. We are addressing the POW and MIA flags. So please confine your remarks to those provisions."

Representative Pine continued, stating:

"I'm aware of that Mr. Speaker, but the reason why I'm disappointed is they specifically have been working with leaders about compromise and those leaders, you know what they told them? 'We support veterans. We're going to fight for you. We're going to do everything we can to combine these bills.' I spoke to a Senator this morning who is a leader of this bill. I spoke to a House Member yesterday who is a leader of this bill. 'We're going to make it happen for these veterans. We're going to fight for you.'

"At 11:00, we're waiving all the promises that we told the public that we are going to give you notice and give you a chance for democracy. A cynic would say that this bill, a flag bill for a Prisoner Of War, was hijacked, promises made, so that these veterans could not come here and ask for decent democracy."

Speaker Say: "Representative Pine, I believe your statements are out of order. There is democracy where we had this lovely debate on another measure. So please confine your remarks to the POW and MIA legislation that is before this Body."

Representative Pine: "But I am, Mr. Speaker."

Speaker Say: "Well, don't bring up the other issue that is not part of this Conference Draft."

Representative Pine: "I stopped talking about that a while ago."

Speaker Say: "You are alluding to it. So please."

Representative Pine: "This bill was 'hijacked' in their opinion, Mr. Speaker."

Speaker Say: "Representative Pine, I don't know what the adjective is in regards to why it was 'hijacked.' I don't believe it was 'hijacked,' so please confine your remarks to the bill that is before you."

Representative Pine: "The bill that is before us, the veterans believe could have been better."

The motion was put to vote by the Chair and carried, and H.B. No. 2383, HD 1, SD 2, entitled: "A BILL FOR AN ACT RELATING TO FLAGS," passed Final Reading by a vote of 48 ayes, with Representatives Har, Herkes and Souki being excused.

At 2:51 o'clock p.m., the Chair noted that the following bills passed Final Reading:

H.B. No. 2085, HD 1, SD 2
H.B. No. 2086, HD 2, SD 2
H.B. No. 2383, HD 1, SD 2

At 2:51 o'clock p.m. the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 2:51 o'clock p.m.

END OF CALENDAR

Conf. Com. Rep. No. 2-10 and H.B. No. 1907, HD 1, SD 1, CD 1:

Representative B. Oshiro moved that the report of the Committee be adopted, and that H.B. No. 1907, HD 1, SD 1, CD 1, pass Final Reading, seconded by Representative Evans.

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

Representative Choy's written remarks are as follows:

"Mr. Speaker, Part I of this bill limits the itemized deductions for high income taxpayers with adjusted gross incomes over \$300,000 for married individuals; \$225,000 for heads of household; and \$150,000 for single individuals.

"The limits on itemized deductions are \$50,000, \$37,500 and \$25,000 respectively. These limits expire beginning in taxable year 2016.

"Part II of this bill is intended to reduce current State expenses by temporarily removing the refunding feature of the capital goods excise tax credit for eligible depreciable tangible personal property placed in service after December 31, 2009.

"If the capital goods excise tax credit on eligible depreciable tangible personal property placed in service after December 31, 2009 exceeds a taxpayer's net income tax liability for the tax year it is placed in service, the excess of credit over liability may be used between January 1, 2011, and December 31, 2015, as a deduction from the taxpayer's net income tax liability in succeeding years, and any remaining excess may also be refunded on or after January 1, 2015."

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

"Thank you, Mr. Speaker. I rise in support with reservations. Thank you. Because basically the teeth have been pulled out of this job killer number 7, but it's a NGO discourager, Mr. Speaker. Let me explain why. This is all about Schedule A. Tomorrow is tax day. Those of you who have mortgages will fill out Schedule A. Those of you who have medical expenses have Schedule A to fill out. And those of you who have charitable contributions will fill out Schedule A.

"That means if you paid a lot for medical, your mortgage, and contributions, what I want to focus on is the contributions. Because if you give too much, to too many NGOs, for too many good causes, this is a penalty. We know NGOs have grown in large size over the last decade or so.

"Mr. Speaker, a lot of people depend upon these people for those donations and my fear is this is going to discourage them. It's going to cut down the contributions and the eleemosynary spirit that we have in our tax code. As Sparky Matsunaga once said, 'If you want to have social engineering, look at the tax code.' Mr. Speaker this is going to discourage them from being all that they can be. That's my regret, Mr. Speaker.

"I should also mention that I would hope that because the Republican balanced budget doesn't use these job killers as ways of balancing the budget, I would hope that it would be part of what the reasoning is why the teeth were pulled out of this, and I commend the Vice Chair of the Committee as well as the Chair for doing that. That people again will look at the assumption that we've made on how we can make a balanced budget. Mr. Speaker, I was reminded by my colleague that when I refer to NGOs, I really mean the nonprofit community. They're the ones that are going to get hurt by this bill. Thank you, Mr. Speaker."

Representative Choy rose to respond, stating:

"Mr. Speaker, in brief rebuttal to my friend from Hawaii Kai. This bill, as far as contributions and itemized deductions, it's for married individuals

with adjusted gross incomes over \$300,000, and \$150,000 for single individuals, and just one short comment.

"Most of us who give charitable deductions to not-for-profit organizations, we give from the heart, Mr. Speaker. We don't look for a deduction. We want to give to the organization. We want to support it. We're not looking for a tax deduction. Thank you, Mr. Speaker."

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

"Mr. Speaker, I'm in support. With regard to one of the previous speaker's concerns about job killers. It does seem to me that the debate needs to be a little more nuanced because if the State government doesn't raise enough money to keep its employees employed, that's a job killer too. We can have the debate about whether a private sector job is more important than a government sector job, but if the State doesn't have revenue to pay its employees, that kills jobs every bit as much as anything else does. Those State employees are consumers just like any other consumer. Their going on unemployment does have an effect on the economy just like losing any other job.

"So we can debate whether a government job is more or less important than a private sector job and I think that would be an interesting debate, but I do think it's a little unfair to characterize all these bills as job killers. It depends on which jobs you're talking about. Mahalo."

Representative Ward rose to respond, stating:

"Just a very brief rebuttal that I would remind the previous two speakers that the whole reason why we have a bill like this is because we want to balance the budget. And as I said earlier, if you look at the budget that we've proposed, it's not necessary to do these things.

"Secondly, for the previous speaker from Chinatown, of course we don't want to lose government jobs. Of course we don't want to diminish and decimate anybody's job. But the reality is that the economy that we have in this country, as in most free marketplace economies, 80% of the people who have jobs don't work for the government, federal, state or city. So it's important that we think and we have balance between maintaining those jobs in the private sector which have right now lost probably 43,000 because that's how many people in the private sector are on unemployment, and those who are in the public sector.

"Secondly, regarding the gentleman from Manoa who talked about, well, we only give from the heart, we don't give by the tax code. I think that sounds very good, but I think the reality is, capital goes where it's asked to and it stays where it's welcome.

"People are very mobile now-a-days, Mr. Speaker. I know we've got beautiful beaches and people with a lot of money they go to Maui and they buy houses. But they also pay attention to things when we get, as I said earlier, we're the second most expensive in the world. Those are decisions that people with money make, and they have money because they made decisions based upon facts and figures. So yes, we give from the heart but we also have our head and we have tax codes which people pay attention to. Thank you, Mr. Speaker."

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

"Thank you, Mr. Speaker. In opposition. Just a short rebuttal, especially to the concept that people give from the heart and that's why they give to nonprofits, etc. I just don't think that makes sense. It's not common sense. Yes, people give from the heart, but then why, I ask the question, why would people go through the trouble to retain an attorney to become a 501(c)(3)? Why do they want to become a 501(c)(3)? Why go through the trouble to become a 501(c)(3)?

"The main reason to become a 501(c)(3) is so that you can raise money for the tax. Right? Tax deduction. So people give. When people give they can take it off on their tax return. So I don't mean to call my colleague disingenuous, but of course people give from the heart, but whenever somebody gives with the few amount of dollars they have, they're always

saying, like it was said previously, 'What is the use of my tax dollars,' as was said by the Representative from Hawaii Kai.

"That if I know where it's going, how it's being used, all of these things by a rational person, is why somebody wants to give. They want to know, what are you going to create with my dollars that I give you that I spent so much time for my children to create. Time is money. People spend their money and their time on important things. For those people who are in sales who work by the hour. You don't think that they want to be with their children at home? Time is money. So I think that we should be honest about these things."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1907, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Final Reading by a vote of 42 ayes to 6 noes, with Representatives Berg, Brower, Ching, Finnegan, Pine and Takai voting no, and with Representatives Har, Herkes and Souki being excused.

At 3:01 o'clock p.m., the Chair noted that the following bill passed Final Reading:

H.B. No. 1907, HD 1, SD 1, CD 1

SUSPENSION OF RULES

On motion by Representative Evans, seconded by Representative Pine and carried, the rules were suspended for the purpose of reconsidering action previously taken in disagreeing to amendments made by the Senate to a certain House Bill. (Representatives Har, Herkes and Souki were excused.)

RECONSIDERATION OF ACTION TAKEN

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

H.B. No. 2058, HD 1, (SD 1)

The motion was put to vote by the Chair and carried, and the House reconsidered its action previously taken in disagreeing to the amendments made by the Senate, and gave notice of intent to agree to such amendments for the noted House Bill. (Representatives Har, Herkes and Souki were excused.)

ANNOUNCEMENTS

Representative Manahan, for the Committee on Tourism requested a waiver of the 48-hour advanced notice requirement for the purpose of having decision making on the following measure on Thursday, April 15, 2010, at 8:35 a.m. in Conference Room 423, and the Chair "so ordered."

S.C.R. No. 126, Urging the United Nations to Grant Taiwan Meaningful Participation in the International Civil Aviation Organization.

"This was already heard previously and we received testimony on that I believe earlier this week. I want to thank the Majority Floor Leader for helping out with that. It's in Room 423 at 8:35 at the same time the Chairman of EBM will be having his hearing."

Representative Tokioka, for the Committee on Legislative Management requested a waiver of the 48-hour advanced notice requirement for the purpose of hearing the following measure on Thursday, April 15, 2010, at 2:35 p.m. in Conference Room 309, and the Chair "so ordered."

S.C.R. No. 194, Regarding the Joint Legislative Committee on Aging in Place.

Representative Choy, for the Committee on Economic Revitalization, Business, & Military Affairs requested a waiver of the 48-hour advanced notice requirement for the purpose of hearing and holding decision making on the following measure on Thursday, April 15, 2010, at 8:30 a.m. in Conference Room 423, and the Chair "so ordered."

S.C.R. No. 202, SD 1, proposed HD 1, Authorizing the Cancellation of Lease of a Non-exclusive Easement.

ADJOURNMENT

At 3:04 o'clock p.m. on motion by Representative Evans, seconded by Representative Pine and carried, the House of Representatives adjourned until 11:30 o'clock a.m. tomorrow, Thursday, April 15, 2010. (Representatives Carroll, Har, Herkes, McKelvey and Souki were excused.)

HOUSE COMMUNICATIONS

House Communication dated April 14, 2010, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the House has made the following changes to the conferees on the following measure:

H.B. No. 2383, Discharged Representatives McKelvey, Karamatsu,
HD 1, SD 2 Co-Chairs; Har, Ward

House Communication dated April 14, 2010, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the House has made the following changes to the conferees on the following measure:

H.B. No. 2351, Discharged Representatives McKelvey, Souki, Co-
SD 1 Chairs; Takai, Pine

House Communication dated April 14, 2010, 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 this day passed the following bills on Final Reading:

H.B. No. 1907, HD 1, SD 1, CD 1
H.B. No. 1985, SD 1, CD 1
H.B. No. 2421, HD 2, SD 2, CD 1
H.B. No. 2866, HD 1, SD 1, CD 1
S.B. No. 2650, SD 2, HD 2, CD 1

House Communication dated April 14, 2010, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the House has reconsidered its action taken in disagreeing to the amendments made by the Senate on April 7, 2010, and has this day agreed to the amendments and passed the following bills on Final Reading:

H.B. No. 2085, HD 1, SD 2
H.B. No. 2086, HD 2, SD 2
H.B. No. 2383, HD 1, SD 2