

SEVENTH DAY

Monday, January 30, 2012

The House of Representatives of the Twenty-Sixth Legislature of the State of Hawaii, Regular Session of 2012, convened at 12:04 o'clock p.m., with Speaker Say presiding.

The invocation was delivered in song by Ms. Romie Wright of Representative Carroll's office, after which the Roll was called showing all Members present with the exception of Representatives Cabanilla and Carroll, who were excused.

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

GOVERNOR'S MESSAGES

The following messages from the Governor (Gov. Msg. Nos. 199 through 203) were received and announced by the Clerk and were placed on file:

Gov. Msg. No. 199, dated December 23, 2011, transmitting the Sheriff Division's Expenditure on Overtime Related to Special Duty Assignments Report, prepared by the Department of Public Safety pursuant to Act 164, Section 24, SLH 2011.

Gov. Msg. No. 200, dated January 6, 2012, transmitting the Hawaii Economic Development Task Force Report, prepared by the Department of Business, Economic Development and Tourism pursuant to Act 73, SLH 2010.

Gov. Msg. No. 201, dated January 6, 2012, transmitting the Energy Resources Coordinator's Annual Report for 2011, prepared by the Department of Business, Economic Development and Tourism pursuant to Act 155, SLH 2009.

Gov. Msg. No. 202, dated January 13, 2012, transmitting the Sheriff Division's Task Force Recommendations Related to Creating a Department of the Sheriff, prepared by the Department of Public Safety pursuant to Act 215, SLH 2011.

Gov. Msg. No. 203, dated January 25, 2012, transmitting the Transfer of Revolving Fund Monies Annual Report for 2011, prepared by the Department of Agriculture pursuant to Sections 155-14 and 219-4, HRS.

At 12:08 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:21 o'clock p.m.

ORDER OF THE DAY

UNFINISHED BUSINESS

Conf. Com. Rep. No. 1-12 and H.B. No. 608, HD 3, SD 1, CD 1:

By unanimous consent, action was deferred one legislative day.

SUSPENSION OF RULES

On motion by Representative Evans, seconded by Representative Pine and carried, the rules were suspended for the purpose of considering certain Senate Bills for Final Reading by consent calendar. (Representatives Cabanilla, Carroll and Luke were excused.)

UNFINISHED BUSINESS

Conf. Com. Rep. No. 2-12 and S.B. No. 239, SD 2, HD 2, CD 1:

Representative Chong moved that the report of the Committee be adopted, and that S.B. No. 239, SD 2, HD 2, CD 1, pass Final Reading, seconded by Representative Evans.

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

"Thank you, Mr. Speaker. I rise in support with some reservations. Thank you, Mr. Speaker. As you are aware, this bill is nothing new for us. In fact this issue has been with us since 2001, and that's as it relates to the funding of both the construction and the operations of the John A. Burns School of Medicine at the University of Hawaii, Manoa. This bill attempts to extend the deadline offered to the University to allow them to use excess revenues from the Tobacco Settlement Trust Fund for operation. And as you know over the years, I've spoken against this extension. Today I stand in support with reservations. Although I do have some of the same concerns, I do want to read to the Members and to you Mr. Speaker, an email that I wrote, and the response that I received from the University, into the record.

"I wrote it to M.R.C. and Virginia, M.R.C. being the President of the University, and Virginia Hinshaw being the UH Manoa Chancellor.

I realize that Senate Bill 239 is on the Order of the Day today, and I wanted to see whether you can help me understand this bill. Can you assure me and my colleagues that you support this bill? Also, can you assure me, that UH and JABSOM support the end date of June 30, 2015 for the use of the funds. I'm leaning to supporting this bill if I get assurances from you. This issue has long troubled me, and assurances from the University and JABSOM have not been followed each of the times we've extended/amended this funding mechanism. I'm hoping that you could provide me with some comfort know that JABSOM is on its way to meeting the benchmarks established in 2001.

"Chancellor Hinshaw's response to me was:

We do support this bill, and would really appreciate your support for it. We have been working hard on a number of areas to compensate for the reduction. This bill does enable us to implement the needed changes in a planned manner over this time period.

"Then I followed, because I needed some additional clarification, and I said to Chancellor Hinshaw this:

Thanks for your reply. I'm glad the University supports this bill. I'm assuming that the support is also for the June 30th, 2015 deadline when everything goes back to the original language, and the extra funding, if any exists, will not go to the operation of JABSOM. I really would like M.R.C.'s and your commitment that this June 30, 2015 deadline is solid and we have your assurances that the University will not be coming back to the Legislature to extend this deadline yet again. Also, can you elaborate on your comment, "enable us to implement the needed changes in a planned manner over this time." I'm assuming that it's to expand revenue generation opportunities, and to reduce expenses so over time, JABSOM will be able to cover the current operational costs associated with Senate Bill 239. Is this correct?

"And her response is:

That is correct. And so is your understanding of my statement about planning.

"So Mr. Speaker, I stand here today in support of this measure because of these assurances: Number 1, that they'll support the end date of June 30, 2015; and that they're going to work collaboratively with us to assure that the revenues and the research funding increases while we start decreasing them from State support.

"Mr. Speaker, I'd like to also insert additional written comments. Thank you," and the Chair "so ordered."

Representative Takai's written remarks are as follows:

"Let me say at the onset that I continue to support the University of Hawaii and the John A. Burns School of Medicine (JABSOM).

"However, I continue to have two major concerns regarding this issue. First, I continue to raise serious concerns about the use and erosion of the tobacco settlement funds. Second, I continue to have concerns with the University's failure to fulfill numerous promises.

"I remind my colleagues of the Master Settlement Agreement (MSA) between the 46 states and the five major tobacco companies. According to the agreement, the settling states and our citizens will receive "significant funding for the advancement of public health and the implementation of important tobacco-related public health measures."

"In keeping with the spirit of the original lawsuit and the MSA, the 1999 Legislature passed Act 304 (SB 1034 CD 1), which states, "The fund shall serve as a mechanism to maximize financial resources for tobacco prevention and control, health promotion and disease prevention programs, children's health programs, and to serve as a long-term source of stable funding for prevention-oriented public health efforts."

"In 1999, when we set up the Tobacco Settlement Special Fund (TSSF), we dedicated 25 percent of the funds to tobacco prevention and quit-smoking programs. The reason why we dedicated 25 percent of the funds to tobacco prevention was the return on investment for tobacco prevention and control is quite significant. Essentially, for every \$1 spent on tobacco control, Hawaii saves \$5 in health care costs.

"The Hawaii Tobacco Prevention and Control Trust Fund (TPCTF) reported that from 2000-2009, \$88.9 million was spent in tobacco control. The projected health care savings from this \$88.9 million investment is \$451.7 million.

"In addition, there has been a significant decline in smoking rates from 2000-2009. In 2000, 12,000 high school students smoked. In 2009, only 5,500 high school students smoked.

"In 2000, 2,200 middle school students smoked. In 2009, only 1,300 middle school students smoked.

"In 2000, 187,900 adults smoked. In 2009, 154,000 adults smoked.

"I mention these statistics to show concrete evidence that since its inception, the TPCTF has saved lives by being a major driving force behind the reduced smoking rate in Hawaii.

"On the heels of September 11, 2001, the Legislature reallocated 28 percent of the annual tobacco funds to the UH Medical School while cutting the funding to tobacco prevention programs to 12.5 percent (one half of the initial amount).

"In 2009, tobacco prevention programs were again deprived of settlement funding with a further decrease to 6.5 percent.

"In 2001, JABSOM received 28 percent. Ten years later, JABSOM continues to receive 28 percent. In addition, in 2001, the intent of the Legislature was to fund only the construction of the medical school campus. Since 2007, funding over and above the bond payment went to the operations of the medical school. This temporary use of the extra funds was supposed to end, but we have yet to see the end of these types of requests.

"How can we explain the decrease of tobacco prevention support from 25 percent to nothing, while we hold steady and protect the funding to the UH Medical School at 28 percent?

"To add salt to the tobacco prevention efforts wounds, the Legislature is contemplating a raid of about \$30 million from the corpus of the TSSF and

the elimination of all funding for tobacco prevention efforts for at least the next couple of years (SB 120).

"Even the Hawaii Department of Health (DOH) is deeply concerned that the long-term viability of tobacco prevention efforts is at risk. In testimony before the Legislature this year, DOH urges that "any redistribution of the TSSF be done in consideration of the original spirit of the lawsuit, settlement and resulting State statutes that established the special fund."

"In addition to our initial commitment to tobacco prevention efforts, I'm also concerned about the University's failure to follow through on previous commitments made to the Legislature since 2001. We must hold the University and other departments to their commitments and they must keep those promises to be fiscally responsible.

"The commitment to use 28 percent of the funds for the UH medical school is much more than covering a \$150 million bond float. It's really about spending 300 million dollars! The debt service agreement was originally pegged at \$302 million or around \$10 million for 30 years.

"In addition, the University committed to raising \$150 million in matching funds to cover the cost of renovating the old Bio-Medical Sciences Building, to cover the cost of construction of the new Cancer Center, and to cover the operational costs of the new medical school in Kakaako.

"In 2001, I voted against our efforts to erode the promises we originally made in 1999. My support with reservation today is in part because of this.

"We must hold people accountable for their words, commitments, actions, or, in this case, inactions. I would like to quote from a few letters that I have received in the past.

"On March 25, 2003, Dr. Ed Cadman, former Dean of the UH Medical School, wrote: "Our best guess would be that operation and maintenance costs of the facility will be between \$6-\$7 million annually. We expect to primarily fund these costs through F&A (facilities and administration) cost recovery from sponsored projects."

"Cadman continued, "We understand (the Legislature's) expectation that the new school campus will be financially self-sufficient and the importance of having the ability to accurately measure and evaluate the school's return on investment."

"On February 25, 2004, David Morihara, former Director of Government Relations, wrote: "We anticipate that a substantial portion of the operating costs of the core facilities will be funded in future years mainly through the extramural facilities and administrative recovery mechanism and secondarily through interest earnings on endowments generated from naming opportunities and a contribution from the ancillary services provided on campus."

"Director Morihara also provided us with a chart explaining the Operating Cost Projections from fiscal year 2005 to fiscal year 2009. The chart shows that there were initial State funds of \$1.8 million to fund the start up of the medical school in FY05. An additional \$3.9 million was needed in FY06 to carry the medical school through a second year of transition. However, in FY07, the operations of the medical school were supposed to be nearly 100 percent self-sufficient. At that time in 2004, their own figures suggested that only \$364,952 were needed in additional state funds to operate the new facilities. They projected general fund requirements of \$352,094 for FY08 and \$337,822 for FY09.

"On March 7, 2005, President David McClain wrote: "I do want to acknowledge that with regard to the funding of the operating costs of the research building and the educational building of the John A. Burns School of Medicine at its new location in Kakaako, initial commitments made in 2001 at the time the construction of the new facility was approved have been shown with the passage of time to have been overly optimistic."

"President McClain's comments were welcomed and necessary. In 2003, he committed to re-doing the financial plans for the medical school. He brought in Professor Shirley Daniels to come up with the new plan. In

2005, we approved an additional \$3.7 million for both FY06 and FY07. This temporary funding was placed in our budget as a proviso because the University committed to fixing their balance sheets by June 30, 2007. According to their commitments in 2005, they were only going to need this \$3.7 million for two years. Afterwards, their financial plans suggested that very little State funds would be needed in the biennium budget (FY08 – FY09) for the operations of the medical school.

"Gary Ostrander, who in 2007 served as the interim Dean for the medical school, said to *The Honolulu Advertiser*: "To the best of my knowledge to this day there was never a business plan. If there was one I have not seen it." This is totally absurd.

"In 2007, the University requested \$4.1 million for FY08 and \$4.35 million in FY09, in addition to the \$3.7 million in the two-year proviso. Just two years prior, they said that they would need little to no State funds to operate the medical school. In 2007, they said they will need \$15.8 million for two years in new money! This is irresponsible.

"In 2007 when the House passed our version of the State budget, I said then that I would support increasing the medical school base by \$3.63 million and \$3.95 million for the next two fiscal years. Our budget was very generous. The total general fund support to the medical school in our budget was about \$5.6 million each year.

"But the University said that it was still around \$4 million short in operating funds even after our very generous support in our budget. So, what did they do? They proposed to make up the difference utilizing the tobacco settlement funds.

"In 2007, I asked then-Dean Gary Ostrander what would happen if they did not get the additional \$4 million. He said that they would be able to survive, but will need to make some reductions to their financial plans. I told him that his comments on right-sizing the budget were the same comments we heard two years prior. Did the University right-size the budget? The answer is no.

"This bill will allow the university to continue to access the left over monies from the 28 percent annual allotment. The University did refinance the bonds in 2006. We need to acknowledge and thank them for this. The payment for FY08 was \$6.6 million and the payments for the out years are a little less than \$10 million for each year.

"If this bill passes, the University will realize a lot of money. In 2008, with a significant increase in funds going into the TSSF, the University realized an additional \$7.4 million. Since FY09, the University continues to receive additional funds in excess of \$3 million each year.

"I want to talk a little bit about our commitment to the Cancer Center. Recall that in 2001 when we approved the use of tobacco funds for the UH Medical School that the University's commitment was to provide the necessary funds to construct a new Cancer Center facility. In 2006, we passed SB2961, which became Act 316. This bill increased the cigarette tax from \$1.40 per pack to eventually \$2.60 per pack in 2011. Some of this increase was to pay for the construction and operations of the new Cancer Center. In fact, the University was expected to receive \$11 million in 2009, \$16 million in 2010, and \$22 million from 2011 forward for the construction and operations of the Cancer Center.

"In 2011, we received the "University of Hawaii Cancer Center Operating Budget Plan" (See testimony on SB 239 on March 22, 2011). In this plan, the Cancer Center plans on receiving \$17 million from the tobacco tax. The debt service for the new building will be \$8 million annually. With an extra \$9 million each year, surely the University can use some of these funds (again from tobacco) to assist the UH Medical School with their budget challenges.

"The public expects the Legislature to be accountable for the taxes we collect and the services we provide. We should do no less to those that receive our approval and funding as well.

"JABSOM will go a long way in providing the next generation of healers with the knowledge and support to serve the people of Hawaii. But

we must ensure that the university is responsible in keeping their commitments and will not continue to come back to the Legislature if they fall short.

"I would like to insert an article, which ran on Sunday, July 22, 2007 in *The Honolulu Advertiser*.

Posted on: Sunday, July 22, 2007
Hawaii med school goals come up short

By Sean Hao
Advertiser Staff Writer

The University of Hawaii's new state-of-the-art medical school and research facility in Kakaako is having less of an economic impact and costing more than originally promised.

The school has so far failed to deliver on several promises made by former UH president Evan Dobbelle and former John A. Burns School of Medicine dean Ed Cadman, including:

- A promise to raise \$150 million to finance a new Cancer Research Center in Kakaako. Less than \$1 million of that money has been raised to date.
- A plan to draw in \$100 million or more per year in research and training grants. Medical school grants improved to nearly \$73 million in the fiscal year that ended June 30, 2006. They fell to \$48 million the following year, according to preliminary figures.
- An expectation the med school would create 500 new jobs. Total medical school jobs rose by 43 between June 2004 and July 2007.

In addition, a key pledge — that the medical school would not require added state funds to cover costs — may not be fulfilled for several years. That promise was based in part on plans to boost grant awards to \$100 million or more, which in turn would generate enough money to cover the new facility's overhead costs.

"The fact is we are actually doing what we said we were going to do," said Gary Ostrander, interim dean for the medical school. But "maybe not at that grandiose scale."

To be sure, the medical school has a positive impact on healthcare in the state. The first crop of 62 students is expected to graduate in 2010, and 60 percent of medical school graduates here go on to practice medicine in Hawaii, Ostrander said.

The \$73 million in grants to the school in 2006 was almost entirely spent locally, with the bulk going toward salaries.

"These dollars are being spent at the local 7-Eleven, being spent at movie theaters," Ostrander said. "That's a significant economic driver."

The health and economic benefits of a local medical school exceed the burden on state finances, he said.

"Healthcare would suffer tremendously in this state if there wasn't a medical school," he said.

As for the goal of \$100 million in grants, Ostrander said, part of the difficulty in reaching that goal has been a more competitive climate for grants in the wake of Sept. 11 and Hurricane Katrina.

In addition, the medical school has suffered from a lack of focus during a prolonged search for a permanent dean, Ostrander said. Cadman resigned in 2005 for health reasons, and the appointment of a permanent replacement dean has been delayed by a change in university leadership.

DIPPING DEEPER

Lawmakers gave UH the go-ahead to build the medical school in hopes of bolstering the state economy in the aftermath of the Sept. 11 terrorist

attacks. The medical school was given a portion of a state settlement with tobacco companies to repay \$150 million in construction bonds.

The new school was then supposed to operate without costing the state any more money than it cost to run the university's old medical school. However, earlier this month Gov. Linda Lingle signed a new law expected to provide the school with an added \$3 million to \$4 million a year for the next four years.

That's on top of \$7.4 million in supplemental, additional budget funds already given to the medical school during the past two years. That means that by mid-2011 the state will have given the medical school an estimated \$20 million to cover increased operating costs.

Some lawmakers are losing patience with the lack of follow-through on the university's original promises. Those promises were the basis for much of the Legislature's support for the project, said state Rep. K. Mark Takai, D-34th (Newtown, Waiiau, Pearl City).

On Jan. 27, 2004, Dobbelle promised legislators that by September 2005, UH would raise \$150 million to finance a new Cancer Research Center to be built in Kakaako next to the medical school and to retrofit the Biomedical Sciences Building on the Manoa campus.

Dobbelle said he would get the money from federal, private and UH Foundation sources. "We're committed to that and confident of that," Dobbelle told lawmakers at the time.

Takai said, "We were led to believe very early on that they would come up with a \$150 million match (and) ... they would pay for operating the new facility. I believe we need to support the university. ... All I ask is that when promises are made, promises are kept.

"I would expect that in four years the UH medical school will no longer need additional money."

'NEVER' A BUSINESS PLAN

In hindsight, key projections, including the amount of grant money that could be used to run the school, were off-base, Ostrander said. From the outset there was a lack of basic understanding of how much the new school would cost and how much money it would bring in.

"To the best of my knowledge to this day there was never a business plan," for the medical school, said Ostrander, who has run the school for about eight months. "If there was one I have not seen it."

The school doesn't have a firm grasp on operating costs in part because its facilities aren't fully utilized and because of the transition from older facilities on the Manoa campus into the new Kakaako campus, Ostrander said.

Meanwhile, the school's increased reliance on tobacco settlement money ultimately means less money for smoking cessation programs. Currently the state receives about \$35 million a year to settle healthcare claims connected with smoking. Of that, 24.5 percent goes into a state emergency "rainy day" fund, 35 percent goes to the state Department of Health, 28 percent to the medical school and 12.5 percent into a tobacco prevention fund.

Until this month, the money not used by the medical school to pay debts had to be returned to the rainy day and tobacco funds. Under the new law, excess money can be used to pay medical school operating costs instead.

The U.S. Centers for Disease Control and Prevention has said Hawai'i doesn't spend enough on tobacco prevention. Hawai'i should spend \$11 million to \$23 million a year to have an effective tobacco prevention program, the CDC says. But the state spent just \$9.1 million on tobacco prevention in fiscal 2007 (ended June 30), according to the Campaign for Tobacco Free Kids.

Among those opposed to the new law was the Coalition for a Tobacco Free Hawai'i. Kathy Harty, its interim director, said the group already

doesn't get enough money for its programs: "We believe these should be funded rather than filling in a deficit for the medical school."

"I would also like to insert an email communication, dated as of January 30, 2012 between University Chancellor Virginia S. Hinshaw, President MRC Greenwood, and myself."

takai1-Jennifer

From: Virginia Hinshaw [vhinshaw@hawaii.edu]
Sent: Monday, January 30, 2012 10:13 AM
To: 'K. Mark Takai'; mrcgreen@hawaii.edu; Ltakayama@hawaii.rr.com
Cc: Lisa Vargas Ormo; takai1-Jennifer
Subject: RE: UH Med School Bill

That is correct and so is your understanding of my statement about planning. Mahalo - Virginia

Virginia S. Hinshaw
 Chancellor
 University of Hawai'i at Mānoa
 2500 Campus Road, Hawai'i Hall 202
 Honolulu, HI 96822
 Tel: (808) 956-7651
 Fax: (808) 956-4153
 Email: vhinshaw@hawaii.edu

From: K. Mark Takai [<mailto:marktakai@hotmail.com>]
Sent: Monday, January 30, 2012 9:43 AM
To: Virginia Hinshaw; mrcgreen@hawaii.edu; ltakayama@hawaii.rr.com
Cc: vargas@capitol.hawaii.gov; takai1@capitol.hawaii.gov
Subject: Re: UH Med School Bill

Virginia:

Thanks for you reply. I'm glad that UH supports this bill. I'm assuming that the support is also for the June 30, 2015 deadline when everything goes back to the original language and the extra funding (if any exists) will not go to the operations of JABSOM. I really would like MRC's and your commitment that this June 30, 2015 deadline is solid and we have your assurances that the University will not be coming back to the Legislature to extend this deadline yet again.

Also, can you elaborate on your comment "enable us to implement the needed changes in a planned manner over this time?" I'm assuming it's to expand revenue generation opportunities and to reduce expenses so over time, JABSOM will be able to cover the current operational costs associated with SB 239. Is this correct?

Thanks, K. Mark

From: Virginia Hinshaw
Sent: Monday, January 30, 2012 9:36 AM
To: <mailto:marktakai@hotmail.com>; <mailto:mrcgreen@hawaii.edu>; <mailto:ltakayama@hawaii.rr.com>
Cc: <mailto:vargas@capitol.hawaii.gov>; <mailto:takai1@capitol.hawaii.gov>
Subject: Re: UH Med School Bill

Mark, we do support this bill and would really appreciate your support for it. We have been working hard on a number of areas to compensate for the reduction - this bill does enable us to implement the needed changes in a planned manner over this time period. Mahalo for your support - Virginia

Virginia S. Hinshaw
 Chancellor
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 2500 Campus Road
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From: K. Mark Takai [<mailto:marktakai@hotmail.com>]
Sent: Monday, January 30, 2012 08:01 AM
To: MRC Greenwood <mrcgreen@hawaii.edu>; Virginia Hinshaw; Linda Takayama <ltakayama@hawaii.rr.com>
Cc: K. Mark Takai <marktakai@hotmail.com>; Lisa Vargas <vargas@capitol.hawaii.gov>; Jennifer Higa Craig <takai1@capitol.hawaii.gov>
Subject: UH Med School Bill

MRC, Virginia, Linda:

I realize that SB 239 is on the Order of the Day today and wanted to see whether you can help me understand this bill.

Can you assure me and my colleagues that you support this bill?

Also, can you assure me and colleagues that UH and JABSOM supports the end date of June 30, 2015 for the use of the funds.

Please email me with your response before 12 noon, when we have session.

I'm leaning to supporting this bill if I get assurances from you.

This issue has long troubled me and assurances from the University and JABSOM have not been followed each of the times that we have extended/amended this funding mechanism. I'm hoping that you can provide me with some comfort knowing that JABSOM is on it's way to meeting the benchmarks established since 2001.

Thanks, K. Mark

http://www.capitol.hawaii.gov/session2012/Bills/SB239_CD1_.pdf

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

"Thank you, Mr. Speaker. Just a ruling on a potential conflict. My grandson is in his fourth year at the John A. Burns School of Medicine. Thank you," and the Chair ruled, "no conflict."

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

"Since the Kailua Representative mentioned a conflict, I do have a daughter-in-law that's presently enrolled in JABSOM, and two children that are alumni," and the Chair ruled, "no conflict."

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

"Just a ruling on a conflict. My husband is a physician and sometimes deals with JABSOM," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 239, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND," passed Final Reading by a vote of 47 ayes to 1 no, with Representative Rhoads voting no, and with Representatives Cabanilla, Carroll and Luke being excused.

Conf. Com. Rep. No. 3-12 and S.B. No. 809, SD 1, HD 1, CD 1:

Representative Chong moved that the report of the Committee be adopted, and that S.B. No. 809, SD 1, HD 1, CD 1, pass Final Reading, seconded by Representative Evans.

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

Representative Takai's written remarks are as follows:

"I strongly support the passage of this measure. Increasing the University of Hawaii's authorization to issue revenue bonds by \$100,000,000 to a total principal amount not to exceed \$300,000,000 to fund construction projects is a great thing for the University and for all the people in the State of Hawaii, as we all benefit from a well-maintained and growing higher education institution.

"This bill increases the autonomy of the University by allowing the institution to fund capital improvement projects with the University's own revenue. In the past, the University of Hawaii used GO bonds to fund improvement projects. This is a positive step in the way of fiscal responsibility.

"I commend the University of Hawaii for its commitment to the repayment of the revenue bonds. As the University plans to start improvement projects no later than this spring, the impact of our decision today will be felt in the community almost immediately."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 809, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," passed Final Reading by a vote of 48 ayes, with Representatives Cabanilla, Carroll and Luke being excused.

At 12:28 o'clock p.m., the Chair noted that the following bills passed Final Reading:

S.B. No. 239, SD 2, HD 2, CD 1

S.B. No. 809, SD 1, HD 1, CD 1

REPORTS OF STANDING COMMITTEES

Representative Cabanilla, for the Committee on Housing presented a report (Stand. Com. Rep. No. 6-12) recommending that H.B. No. 1706,

pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1706, entitled: "A BILL FOR AN ACT RELATING TO CONDOMINIUMS," passed Second Reading and was referred to the Committee on Consumer Protection & Commerce, with Representatives Cabanilla, Carroll and Luke being excused.

Representative Hanohano, for the Committee on Hawaiian Affairs presented a report (Stand. Com. Rep. No. 7-12) recommending that H.B. No. 1986, pass Second Reading and be referred to the Committee on Education.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 1986, pass Second Reading and be referred to the Committee on Education, seconded by Representative Evans.

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

"Ho'omalu 'olelo. Ke kū nei au i ke kako'o ana nō kēia pila. E ola mau ka 'olelo Hawai'i. Mahalo. In support."

Representative Hanohano provided the following translation:

Mr. Speaker. I rise in support for this bill. Long live the Hawaiian Language. Thank you. In support.

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1986, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAIIAN LANGUAGE IMMERSION PROGRAM," passed Second Reading and was referred to the Committee on Education, with Representatives Cabanilla, Carroll and Luke being excused.

Representative Hanohano, for the Committee on Hawaiian Affairs presented a report (Stand. Com. Rep. No. 8-12) recommending that H.B. No. 1984, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 1984, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

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

"Ho'omalu 'olelo. Ke kū nei au i ke kako'o ana nō kēia pila. He pila maika'i kēia. 'O ka mahina 'o pepeluuli 'oia ka mea nui e pili ana ka hua 'olelo 'o aloha. E ho'omana'o kākou ka mana'o e aloha i ke kahi i ke kahi. E mālama pono. Wā ka pomaika'i iā kā kākou. Mahalo. In strong support."

Representative Hanohano provided the following translation:

I rise in support for this bill. This is an excellent bill. The month of February is about love. Let's remember the thought of loving one another. Take care. May the blessing be with all of us. Thank you. In strong support.

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1984, entitled: "A BILL FOR AN ACT RELATING TO HAWAIIAN LANGUAGE," passed Second Reading and was referred to the Committee on Finance, with Representatives Cabanilla, Carroll and Luke being excused.

Representative Rhoads, for the Committee on Labor & Public Employment presented a report (Stand. Com. Rep. No. 9-12) recommending that H.B. No. 1744, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1744, entitled: "A BILL FOR AN ACT RELATING TO COMPENSATION," passed Second Reading and was referred to the Committee on Finance, with Representatives Cabanilla, Carroll and Luke being excused.

Representative Rhoads, for the Committee on Labor & Public Employment presented a report (Stand. Com. Rep. No. 10-12) recommending that H.B. No. 1698, pass Second Reading and be referred to the Committee on Finance.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1698, entitled: "A BILL FOR AN ACT RELATING TO QUALIFIED COMMUNITY REHABILITATION PROGRAMS," passed Second Reading and was referred to the Committee on Finance, with Representatives Cabanilla, Carroll and Luke being excused.

Representative Keith-Agaran, for the Committee on Judiciary presented a report (Stand. Com. Rep. No. 11-12) recommending that H.B. No. 1754, as amended in HD 1, pass Second Reading and be referred to the Committee on Finance.

Representative Chong moved that the report of the Committee be adopted, and that H.B. No. 1754, HD 1, pass Second Reading and be referred to the Committee on Finance, seconded by Representative Evans.

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

"Thank you, Mr. Speaker. I rise with some slight reservations on this particular bill. While I understand that it is going to be saving us some money, and I understand why it has to be done and that is it's going to be somewhat of a smaller area. I think that we have to always be vigilant. We have to be careful on these things, and that it's a possible slippery slope. As we know that in the news, certainly in our nation, there are jurisdictions that are prone to fraud. 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. 1754, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTIONS," passed Second Reading and was referred to the Committee on Finance, with Representatives Cabanilla, Carroll and Luke being excused.

Representative Keith-Agaran, for the Committee on Judiciary presented a report (Stand. Com. Rep. No. 12-12) recommending that H.B. No. 1927, pass Second Reading and be placed on the calendar for Third Reading.

On motion by Representative Chong, seconded by Representative Evans and carried, the report of the Committee was adopted and H.B. No. 1927, entitled: "A BILL FOR AN ACT RELATING TO CAMPAIGN SPENDING COMMISSION LAW," passed Second Reading and was placed on the calendar for Third Reading, with Representatives Cabanilla, Carroll and Luke being excused.

REPORTS OF CONFERENCE COMMITTEES

Representatives Yamane, Mizuno and Morikawa, for the Committee on Conference on the disagreeing vote of the House to the amendments proposed by the Senate in H.B. No. 905, HD 1, SD 1, presented a report (Conf. Com. Rep. No. 4-12) recommending that H.B. No. 905, HD 1, SD 1, as amended in CD 1, pass Final Reading.

In accordance with Article III, Section 15, of the Constitution of the State of Hawaii, action on Conf. Com. Rep. No. 4-12 and H.B. No. 905, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DELIVERY OF GOVERNMENT SERVICES," was deferred for a period of 48 hours.

SUSPENSION OF RULES

On motion by Representative Evans, seconded by Representative Pine and carried, the rules were suspended for the purpose of considering a certain House Bill for Third Reading by consent calendar. (Representatives Cabanilla, Carroll and Luke were excused.)

THIRD READING

H.B. No. 2002, HD 1:

Representative Chong moved that H.B. No. 2002, HD 1, pass Third Reading, seconded by Representative Evans.

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

"Mr. Speaker. I rise in support of the measure. I not only rise in support because it's almost the same as last year, but there's a \$50 thousand savings that is in addition to this. And I'd like to acknowledge the former Chair of the CSG-WEST, whose stewardship, and wise chairmanship has saved the State of Hawaii \$50 thousand. He now also sits as the Chair of the Finance Committee. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 2002, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION," passed Third Reading, with Representatives Cabanilla, Carroll and Luke being excused.

At 12:32 o'clock p.m., the Chair noted that the following bill passed Third Reading:

H.B. No. 2002, HD 1

ANNOUNCEMENTS

Representative Riviere: "Members, I'd like everybody to remember that we all have birthdays at one point during the year. Today's honorary birthday person is the Representative from Moanalua. So let's all give Representative Johanson a round of applause."

Representative Hanohano: "I would like to invite everybody tonight for a *kūkākūkā* session in Room 329 from 5:00 to 7:00. Topics tonight are going to be about *'Aha Moku* and the OHA settlement. So you're all welcome. Aloha."

COMMITTEE ASSIGNMENTS

The following measures were referred to committee by the Speaker:

<u>H.R.</u> <u>No.</u>	<u>Referred to:</u>
17	Committee on Transportation, then to the Committee on Finance
<u>H.C.R.</u> <u>Nos.</u>	<u>Referred to:</u>
33	Committee on Transportation, then to the Committee on Finance
34	Committee on Human Services, then to the Committee on Finance

COMMITTEE REASSIGNMENTS

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

<u>H.B.</u>	
<u>Nos.</u>	<u>Re-referred to:</u>
1705	Committee on Finance
2259	Committee on Energy & Environmental Protection, then to the Committee on Finance

ADJOURNMENT

At 12:34 o'clock p.m., on motion by Representative Evans, seconded by Representative Pine and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Tuesday, January 31, 2012. (Representatives Cabanilla, Carroll and Luke were excused.)

HOUSE COMMUNICATIONS

House Communication dated January 30, 2012, from CJ Leong, 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:

S.B. No. 239, SD 2, HD 2, CD 1
S.B. No. 809, SD 1, HD 1, CD 1