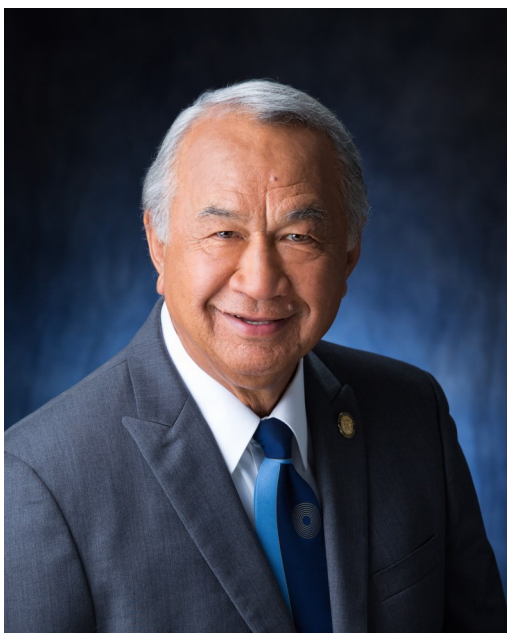


# SENATOR GILBERT KAHELE



May 2015

## A Message from Senator Kahele

Aloha mai kakou,

The last weeks of each session are a hectic scramble to meet our legislative deadlines. The Senate conferenced on roughly 330 bills, confirmed a number of the Governor's nominees to various departments and agencies and focused on passing a balanced state budget. Lead by the Ways and Means and Finance Committee Chairs, the Senate applied a disciplined approach in passing a trim budget that still ensured our schools, our hard-working families, our seniors and those in need of assistance would get the help they need. This year in the budget, we also invested in businesses that promote sustainability and resilience; provided funds to non-profits that enhance the beauty of Hawai'i and allocated funds to build and maintain our infrastructure, aging facilities and hospitals.

Hau'oli ka mana'o,

A handwritten signature in black ink that reads "Gilbert Kahele".



Senate confirms UH Board of Regent representing Hawai'i Island, Wayne Higaki, with Hawai'i Island Senators.

## \$45.2 Million CIP Funds Appropriated for Hilo

These new projects will create jobs, stimulate our economy, and build our community for years to come. Let's keep working together to achieve even greater results in the coming years, and let's make East Hawai'i an even better place to live.

- ◆ The Hawai'i Army National Guard is receiving a substantial amount of CIP funding. \$30.212M is being appropriated for the construction of a new support maintenance shop complex that includes office, personnel and work area space and maintenance shop work bays.
- ◆ \$1.675M for the design and construction for renovation to the existing armory at Keaukaha Military Reservation for administration, classrooms, restrooms, storage, multi-purpose/dining area and other facility and infrastructure improvements.
- ◆ \$2M for the plans and design for renovations to Building A at Hilo Intermediate School.
- ◆ \$450K for the plans, design and construction for a new baseball batting cage at Waiākea High School.
- ◆ \$550K for the design and construction for replacing galvanized water lines and service laterals along Nohea Street and Santos Lane.
- ◆ \$7.390M for improvements to the airfield at Hilo International Airport.
- ◆ \$1.425M for plans to modify the turning basin, entrance channel and other physical features to improve navigational safety and operational efficiencies at Hilo Harbor.
- ◆ \$1.5M for the construction of portable trailers at Hawai'i Community College.

(Notable CIP funding highlights for Hawai'i County, [click here to view the PDF](#)).

# LEGISLATURE APPROVES THE STATE BUDGET

House and Senate conferees met to conclude negotiations on a final version of [HB500](#), the state budget bill. The conferees opened discussion on the state budget and closed discussions four days ahead of the deadline for all fiscal bills to pass out of conference committee.

**The House Conferees were:** Representatives Sylvia Luke, Chair; Romy Cachola, Ty Cullen, Lynn DeCoite, Aaron Johanson, Jo Jordan, Jarrett Keohokalole, Bert Kobayashi, Nicole Lowen, Scott Nishimoto, Richard Onishi, James Tokioka, Kyle Yamashita, Feki Pouha, and Gene Ward.

**The Senate Conferees were:** Senators Jill Tokuda, Chair; Ron Kouchi, Suzanne Chun Oakland, Donovan Dela Cruz, Kalani English, Brickwood Galuteria, Breene Harimoto, Lorraine Inouye, Gil Riviere, and Russell Ruderman.

HB500 CD1, which appropriates funds for operating and capital improvement costs of the Executive Branch for the current biennium, fiscal years **FY2015-2016 and FY2016-2017**, approved by both houses and will now be sent to the Governor for his signature.

The bill offers nearly \$6.6 billion in general funds for **FY2015-2016** and \$6.862 billion in general funds for **FY2016-2017**. A final version of [HB500 CD1](#) is available on the Capitol website.

“It was particularly important to create fiscal policies that put us in a better position not just for this biennium, but for years to come,” said Senator Kahele.

Included in the budget bill is the consolidation of the purchasing power for the State’s technology projects under the office of the Chief Information Officer (CIO). The policy will allow the new CIO to develop IT projects more efficiently and reflects government transparency.

The committee also recognized the importance of natural resource protection and spent considerable time focusing on the Department of Land and Natural Resources’ (DLNR) budget and providing safeguards to ensure DLNR is in the best position to meet its mission.

## Operating Highlights

- ◆ \$50 million, in each year, for the Rental Housing Trust Fund.

## Operating Highlights

- ◆ \$21 million in operating funds for the Hawai‘i Health Systems Corporation.
- ◆ \$2.4 million FY16 and \$5 million FY17 for the Department of Education weighted student formula.
- ◆ \$1.5 million FY16 for the Housing First Program.
- ◆ \$7.5 million, in each year, for University of Hawai‘i System wide operating expenses and costs associated with the Violence Against Women Act and Title IX.
- ◆ \$500,000 FY16 for the viability study of a Central Oahu land swap.
- ◆ \$1 million, in each year, for the A+ Afterschool Program.
- ◆ \$3.164 million FY16 and \$2.741 FY17 for costs associated with Halawa Correctional Facility repairs and improvement.
- ◆ \$250,000 FY16 for the prevention and treatment against the invasive macadamia felted coccid.
- ◆ \$2.414 million FY16 in general and federal funds for the Veteran’s Cemetery.
- ◆ \$647,400 FY16 and \$319,048 FY17 for the new Nanakuli Public Library.
- ◆ \$9,632,000, in each year, for the Department of Hawaiian Homelands administrative and operating expenses.
- ◆ \$1.5 million, in each year, for albizia eradication and control along public state highways.

## CIP Highlights

- ◆ A total of \$165.8 million FY16 and \$70 million FY17 in lump sum funds to the Department of Education for building conditioning and program support.
- ◆ \$44.43 million for the University of Hawai‘i System capital improvements program.

(Continued on page 3.)

# STATE BUDGET

(Continued from page 2.)

## CIP Highlights

- ◆ \$10 million FY16 for the University of Hawaii Community Colleges capital improvements program
- ◆ \$40 million FY16 for the Rental Housing Trust Fund.
- ◆ \$4.15 million, in each year, in lump sum funds for public housing improvements and renovations.
- ◆ A total of \$62.8 million FY17 for a veterans long-term care facility.
- ◆ \$3 million, in each year, for rock fall and flood mitigation
- ◆ \$1.4 million FY16 and \$500,000 FY17 for statewide health, safety, code, and other requirements at the Department of Agriculture.
- ◆ \$12 million, in each year, in lump sum funds for the maintenance of existing state facilities.
- ◆ \$20 million FY16 and \$12 million FY17 in lump sum funds for the Hawai'i Health Systems Corporation.
- ◆ \$1 million, in each year, for the Department of Land and Natural Resources watershed initiative.
- ◆ \$4 million FY16 for the Department of Land and Natural Resources Maui office annex building.
- ◆ \$8.5 million FY16 and \$12.5 million FY17 in lump sum funds for the Department of Public Safety.
- ◆ \$129.139 million FY16 (revenue bonds) and \$86.811 million FY17 (special funds) for rental car facility improvements statewide.
- ◆ \$250 million FY16 (revenue bonds) for Kapalama Military Reservation improvements at Honolulu Harbor.
- ◆ A total of \$30 million, in each year, for the Department of Transportation to perform major pavement improvements statewide.

Budget worksheets detailing the appropriations in the overall Executive, Judiciary and Office of Hawaiian Affairs budget bills are available on the Capitol website at: <http://www.capitol.hawaii.gov/>

## Bills that Passed the Legislature through the Senate Committee on Tourism and International Affairs

The Hawaiian Islands are unlike anywhere in the world. While our sun, sand and surf have made us a world-renowned dream destination, Hawai'i is also a dynamic and vibrant place to live and visit. As the fourth busiest international gateway into the U.S., the Hawaiian Islands welcomed a record 8.28 million visitors in 2014, who generated \$14.7 billion in expenditures and \$1.6 billion in state tax revenue.

To maintain this success, the Senate committee on Tourism and International Affairs passed the following bills this session:

- ◆ **[HB169-RELATING TO TAXATION](#)** (Introduced by Representative Luke)  
Amends the definition of fair market rental value. Increases the transient accommodations tax imposed on resort time share vacation units by 1 per cent each year to gradually achieve a rate of 9.25 per cent of the fair market rental value.



The Hawai'i State Senate adjourned on May 7, 2015.

- ◆ **[HB444-RELATING TO BEACH PROTECTION](#)** (Introduced by Representatives Yamane, Aquino, Belatti, Brower, Cullen, Evans, Ito, C. Lee, McKelvey, Morikawa, Nishimoto, Thielen, Tsuji, Lowen and Yamashita)  
Authorizes the use of certain transient accommodations tax revenues for beach restoration and conservation. Makes appropriations for fiscal year 2014-2015 and 2015-2016. Effective upon approval, except for part 1 which is effective 7/1/2016.

(Continued on page 4.)



# TOURISM BILLS FOR 2015

(Continued from page 3.)

## **HB775-RELATING TO EDUCATION** (Introduced by Representatives Kawakami and Choy)

Appropriates funds to the Department of Business, Economic Development, and Tourism for marketing Hawai'i and Hawai'i's higher education institutions to international students.

## **SB283-RELATING TO THE HAWAII TOURISM AUTHORITY** (Introduced by Senator Kim)

Clarifies the qualification and term limit requirements for the Board of Directors of the Hawai'i Tourism Authority.

## **SB284-RELATING TO THE TRANSIENT ACCOMMODATIONS TAX** (Introduced by Senators Kim and Kahele)

Authorizes B&F to issue \$35,000,000 in reimbursable general obligation bonds and to deposit the proceeds into the Turtle Bay conservation easement special fund. Appropriates \$35,000,000 out of the Turtle Bay conservation easement special fund for the DLNR to acquire a conservation easement and other real property interests at Turtle Bay, Oahu. Allocates TAT revenues of \$1,500,000 annually to the Turtle Bay conservation easement special fund. Provides that a nonprofit land conservation organization shall file an application annually with the DLNR requesting \$1,500,000 from the land conservation fund to be used for the reimbursement of debt service on the Turtle Bay reimbursable general obligation bonds. Appropriates \$3,000,000 out of the Turtle Bay conservation easement special fund to reimburse the state general fund for payment of debt service on the reimbursable general obligation bonds. Appropriates \$500,000 from the TAT revenues to the DLNR to pay for appraisal costs, due diligence costs, and closing costs relating to the acquisition of a conservation easement and other real property interests in Turtle Bay, Oahu.

## **SB519-RELATING TO TAXATION** (Introduced by Senator Thielen)

Authorizes fines to be deposited into the tax administration special fund. Increases the balance that may be retained in the tax administration special fund in each fiscal year. Authorizes DOTAX to enforce civil penalties for operators and plan managers who fail to display the certificate of registration and registration ID numbers for transient accommodations and resort time share vacation plans. Authorizes DOTAX to issue citations for failure to provide the registration identification number or link to the number and the contact information of the local contact in an advertisement for a transient accommodation or resort time share vacation plan. Takes effect 1/1/16.

## **SB1009-RELATING TO SERVICES CHARGES** (Introduced by Senator Keith-Agaran)

Amends provisions relating to hotel and restaurant service charges; disposition. Includes any hotel that applies a service charge for portage services.

For more information on the Tourism bills, click on to: <http://www.capitol.hawaii.gov/>

### **United Public Workers**

On April 9, 2015, the United Public Workers members visited the State Capitol for "Lobby Day" where they were able to meet with legislators to express their concerns. Senator Kahele spoke with the Hawai'i Island members in a "Talk Story" session and answered questions, as well as discussed his plans for Hilo's future. Rep. Evans was also at the Talk Story session.



### **Kona Judiciary Complex**

The legislature appropriated \$55 million to fund construction of the new Kona Judiciary Complex. The new complex will provide a much needed courthouse that will enable the judiciary to meet the growing demands for the West Hawai'i Community. The judiciary plans to break ground on the new complex in the Fall of 2016. The link below will provide you with more information on the Kona Judiciary Complex, along with renderings of the proposed project.

[http://www.courts.state.hi.us/special\\_projects/kona\\_judiciary\\_complex\\_project.html](http://www.courts.state.hi.us/special_projects/kona_judiciary_complex_project.html)



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For an electronic version of this newsletter, visit Senator Kahele's webpage <http://www.capitol.hawaii.gov/>