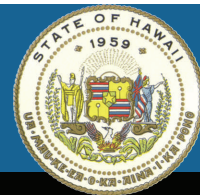




# 2013 Legislative Report



Hawaii State Senate District 5

Wailuku • Waihe'e • Waiehu • Waikapu • Kahului

Dear Neighbors:

We have reached an important point in the 2013 Legislative session as several significant deadlines have passed. Bills that were introduced and approved by the Senate have been sent to the House of Representatives for further consideration. This newsletter highlights some of the important pieces of legislation that originated in the Senate. Senator Baker, Senator English, and I will now be taking a close look at legislation that the House has passed to the Senate, including the state budget. As we review various measures, we will work to make changes and improvements that we believe will benefit Maui residents.

As "sequestration" begins to take effect at the federal level, I am aware that there may be serious issues for our State to confront due to potential drastic cutbacks in military and discretionary spending. I am very disappointed and frustrated that legislators in Washington D.C. were unable to avoid these disruptive and unnecessary obstacles to economic growth, but I am optimistic about the future of our state. The positive growth in tourism and strengthening of our overall economy give me hope that we will be able to weather the storm of sequestration. At the same time, our state legislature will continue to closely monitor the economic conditions of our state. When there are reasonable measures that we believe we can undertake at the state level to mitigate some of the impact of sequestration, I will continue to work with my colleagues in both houses to see to it that we do so to move our communities forward.

As always, my priority is to serve the people of the 5<sup>th</sup> Senate district and I will continue to work to improve the quality of life for our residents. If you have any questions or concerns, please feel free to contact my office.

Mahalo,

Gilbert S.C. Keith-Agaran

## Mid-Session Highlights 2013

### Wages, Taxes, and Unemployment Insurance

As Hawaii's economy slowly recovers from the "Great Recession", the state legislature is facing some very important decisions on a wide range of economic issues, including the minimum wage ([SB 331 SD2](#)) and the unemployment insurance tax ([SB 1272 SD1](#)).

With regard to the unemployment insurance tax, [SB 1272 SD1](#) fast-tracks relief for employers with a tax break from the scheduled unemployment insurance tax hikes in 2013 and 2014. This bill is projected to save businesses \$66 million in 2013 alone. [SB 331 SD2](#) increases the minimum hourly wage incrementally until January 2016, when it would reach \$9.25. At that point, the bill authorizes the Department of Labor and Industrial Relations to make further adjustments to the minimum wage based on inflation without obtaining legislative approval. The Hawaii State Legislature has not raised the Hawaii's minimum wage since 2005, and it is currently equal to the federal minimum wage despite the fact that Hawaii has a higher cost of living than any other state.



(From left to right) Senator English, Brig. Gen. (Ret.) Hirai, Senator Keith-Agaran, and Deputy Dean Shanahan participate in a discussion of security issues at the Asia-Pacific Center For Security Studies.



The Senate honored the Small Business Administration's (SBA) 2013 award winners. In this picture are (2nd row l-r) Senator English, Senator Keith-Agaran, and Senator Baker, and (1st row l-r) Art Taniguchi (representing Robert Kawahara, the Financial Services Champion), Angie Shiroma (representing Craig Swift, the Home-based Business Champion), Leslie Wilkins (Veterans Small Business Champion), and SBA District Director Jane Sawyer.

***"It is my hope that these measures will help our state's economy to recover by putting more money in the pockets of working people while also providing tax relief for employers."***  
**-Senator Gil Keith-Agaran**

The Senate also passed an Earned Income Tax Credit (EITC) which is also designed to help working families ([SB 301 SD2](#)). Hawaii would join 24 other states that have already enacted a state EITC. The state EITC would work similar to the federal EITC, allowing some taxpayers to receive a refund if the EITC exceeds the amount of the taxpayer's total income tax payment due. This tax credit is particularly helpful to families near or below the poverty line, and also encourages people to work so that they qualify to receive the tax credit.

## **Hawaii State Senate Passes Bills that Build a Stronger Economy to Ensure a Better Quality of Life**

The Hawaii State Senate passed 390 Senate bills on Third Reading during First Crossover. The bills head over to the House for further consideration.

***"The focus of the Session has to be maintaining Hawaii's economic recovery with an eye to positioning our islands for a more secure future."*** -Senator Gil Keith-Agaran

Here are highlights of bills that have passed third reading:

### **Food and Energy Resiliency**

With the Senate exploring the concept of food self-reliance and agricultural resiliency within the State, the Majority Caucus took steps toward developing a strong foundation that will enhance food and agricultural self-sufficiency by passing several bills.

The Senate passed [SB 937 SD2](#), which establishes a food resiliency initiative under the Department of Agriculture to achieve measurable goals of food self-sufficiency. To support Hawaii's livestock production, [SB 593 SD2](#) expands livestock feed subsidies to include goat milk, sheep, lamb, fish, and crustaceans. Increasing livestock production is vitally necessary to meet the State's goals of ensuring food security and self-sufficiency.

The Senate continues to advance the Hawaii's Clean Energy Initiative and align government regulations and policies with clean energy goals. To support the State's clean energy objectives, [SB 19 SD1](#) was passed to exempt landlords who install renewable energy systems from the onerous requirements imposed on public utilities and serves as an incentive for landlords to adopt renewable energy systems. [SB 120 SD1](#) authorizes the Public Utility



**On February 20, 2013 the Senate honored and congratulated Chelsea Marie Robinson, Hawaii's 2013 Distinguished Young Woman.**



Commission to establish a policy to incentivize Hawaii's electric utility companies to make needed reforms that attain lower electricity rates. [SB 1087 SD2](#) provides a lower cost financing alternative for Hawaii businesses and residents to utilize green infrastructure equipment and technology to reduce electricity consumption by leveraging clean energy technology. The innovative financing method created in this measure will provide a secure financing structure to allow the Department of Business, Economic Development, and Tourism to issue revenue bonds at very competitive rates, which savings can be passed on to the consumers in the form of lower borrowing costs. With concerns over the current solar energy tax credit policy, [SB 623 SD2](#) was passed to administer tax credits in a more balanced manner. This measure replaces the current renewable energy technology systems tax credit with tax credits for solar energy property and wind energy property.

### Supporting People, Strengthening Communities

From keiki to kupuna to ohana, the Senate continues to support the State's core functions, including programs for those most in need. To encourage positive outcomes for our young keiki and to prepare them to thrive in an educational environment, [SBs 1093 SD2](#), [1084 SD1](#) and [1095 SD2](#) were passed to continue discussions on establishing a school readiness and early childhood education program.

To improve the quality of health care services and operational efficiencies of health facilities, [SB 1306 SD2](#) would permit the regional systems of the Hawaii Health Systems Corporation and their health facilities to transition to non-public status. This measure would help address financial challenges of the public hospitals, including Maui Memorial Medical Center, Lanai Community Hospital, and Kula Hospital. [SB 665 SD1](#) is another measure that's expected to ensure quality of health care services. The bill addresses the primary care physician shortage in the State through a comprehensive primary care workforce development plan that includes loan repayment, diversity programs, and primary care workforce expansion. A cou-



**The Senate Committees on Tourism and Hawaiian Affairs and Ways and Means held a hearing on SB1201, relating to the transient accommodations tax.**

ple of bills to continue current programs were also passed. [SB 936 SD2](#) continues the Hospital Sustainability Program by extending its sunset date, and [SB 1237 SD2](#) continues the Nursing Facility Sustainability Program by extending the sunset date and appropriating funding.

Homelessness in Hawaii is a significant problem in the State and the Senate is working to find ways to help people and families who are homeless. [SB 515 SD2](#) appropriates funding for services and programs that target issues such as substance abuse, mental health, housing assistance, health care, and employment to help reduce the number of homeless in Hawaii.

### Government Efficiency and Accountability

The Senate encourages long-term planning and efficiency efforts to fundamentally change the character and delivery of government services. The Senate continues to promote the enhancement of the State's information technology services and support the Governor's Chief Information Officer as he works on modernizing the technology infrastructure. [SB 1003 SD2](#) authorizes the Chief Information Officer to conduct security audits to protect the State's information and data, preventing intrusions and theft of the public's personal information.

Drawing upon the recommendations of the Senate Special Committee on Accountability for the improvement of the operational and financial management of the University of Hawai'i, the Senate passed several bills addressing some issues unveiled during the committee's hearings. [SB 1384 SD2](#) changes the way legal services are obtained by the University of Ha-

waii. [SB 1387 SD2](#) improves the selection process for members of the University of Hawaii Board of Regents and [SB 1388 SD2](#) reduces the membership of the Board of Directors of the Research Corporation of the University of Hawaii.

### ***Senator Keith-Agaran's Measures***

#### **SB 624 SD2 University of Hawaii Tuition and Expenditures**

Prohibits the use of money deposited into the University of Hawaii tuition and fees special fund on executive and managerial positions with salaries of \$150,000 or more.

#### **SB 337 SD2 Dangerous Wheels**

Prohibits the use of certain types of wheels considered dangerous. A dangerous wheel can be defined as a wheel part or ornamentation attached to these parts that is modified from the original manufacturer's standard part by using aftermarket parts and extends out two inches or more past the wheel's rim.

#### **SB 442 SD1 Furnishing Liquor to Minors**

Amends the misdemeanor offense of promoting intoxicating liquor to a person under age 21 to apply to persons who recklessly commit the offense.

#### **SB 633 Unlicensed Contractor Fraud**

Prohibits the value of any work done by an unlicensed contractor to be used as an offset for the value of the property calculated in unlicensed contractor fraud cases.

#### **SB 635 SD1 Animal Cruelty for Law Enforcement Animals**

Includes law enforcement animals under the offenses of causing injury or death to a service dog and intentional interference with the use of a service dog.

#### **SCR 28 SD1 Reliability Standards Working Group Recommendations**

Requests the Public Utilities Commission to report to the legislature on the progress in implementing the recommendations of the Reliability Standards Working Group, including allowing wider access to utility circuits by residents installing PV systems.

### **OTHER NOTABLE BILLS:**

#### ***Crime, Punishment, & Justice:***

#### **SB 102 SD2 Financial Abuse of the Elderly**

Requires financial institutions to report instances of suspected financial abuse of an elder to the appropriate agencies.

#### **SB 1370 SD2 Mortgage Foreclosures Dispute Resolution**

Ensures mortgage foreclosure dispute resolution is equally available for nonjudicial and judicial foreclosures. This gives all mortgagors facing foreclosure in Hawaii an opportunity to have a trained mediator who can offer assistance.

#### ***Tax Reform***

#### **SB 1091 SD1 Itemized Income Tax Deductions**

Exempts charitable income tax deductions from the itemized deduction caps.

#### **SB 350 SD1 General Excise Tax**

Amends the date of filing of monthly, quarterly, and semiannual general excise tax returns from the twentieth day to the last day of the month.

#### **SB 1185 SD1 Nonprofit Organizations General Excise Tax**

Mandates that nonprofit organizations receive notice before denial of general excise tax benefit and limits the liability of persons having control of certain amounts held in trust for nonprofit organizations.

#### **SB 1187 SD1 Delinquent Taxes**

Establishes a reasonableness standard for de-



The Senate honored members of the Tuskegee Airmen during floor session on March 1st. Hawaii residents Romaine Goldsborough and Philip Baham, along with Alexander Jefferson of Michigan, were presented a Certificate of Recognition from the Senate.

termining when a tax is uncollectible.

## ***Economic Development***

### **SB 718 HI Growth Initiative**

Appropriates funds to the Hawaii Strategic Development Corporation to establish the HI Growth Initiative, an investment program to support high-growth entrepreneurial companies in the State.

### **SB 1349 SD2 High Technology Research Tax Credit**

Reestablishes the income tax credit for qualified research activities to encourage job growth in research and development.

### **SB 463 SD2 Film and Media Infrastructure Project Tax Credit**

Encourages the growth of the film and creative media industries by extending the motion picture, digital media, and film production income tax credit. It also creates a tax credit for qualified digital media infrastructure projects.

### **SB 750 SD2 Media Infrastructure Project Tax Credit**

Establishes a media infrastructure project tax credit for qualified media infrastructure projects in West Oahu and Maui.

## ***Education***

### **SB 237 SD2 Public School Land Use Program**

Establishes a pilot program to optimize the use of public school lands for public purposes and to generate revenue to build and retrofit twenty-first century schools and create more school-centered communities.

### **SB 573 SD2 Tax Credit for Teachers**

Authorizes a state income tax credit for certain expenses paid or incurred by a school teacher during the taxable year.

## ***Consumers, Business, and Labor***

### **SB 328 SD1 Landlord Security Deposit for Pets**

Permits a landlord to hold a tenant's security deposit for damages caused by a pet animal. Authorizes a landlord to add an amount to the

security deposit for a pet animal. Does not include certain situations involving tenants with disabilities who require an assistance animal.

### **SB 502 SD1 Required Real Estate Documents**

Establishes a standard for disclosure for condominium projects, cooperative housing corporations, and other community associations and clarifies the types of documents that are required to be disclosed.

### **SB 913 SD1 Time Shares Disclosure**

Requires a time share plan's disclosure of the financial obligation of the purchaser to consist of a statement about the price that the purchaser is obligated to pay and a list or description of any additional charges.

### **SB 867 SD2 Hawaii Employer-Union Health Benefits Trust Fund (EUTF)**

Sets the base monthly contributions for health benefit plans paid by the State and counties for retired employees to unspecified amounts.

### **SB 946 SD1 EUTF Annual Required Contribution**

Requires the EUTF to establish a separate trust fund for public employer contributions with separate accounts for each public employer. Requires contributions from various sources beginning in Fiscal year 2018-2019.

## ***Natural Resources, Agriculture, and the Environment***

### **SB 707 SD2 PLDC Repeal**

Repeals chapter 171C, HRS, relating to the PLDC.

### **SB 454 SD1 Gray Water Use**

Encourages the widespread use of gray water in the interests of water conservation.

### **SB 482 SD1 Honey Sales**

Clarifies the maximum amount of honey that can be sold by a certified establishment and exempted from obtaining a permit. Exempts certain sales of honey from the permit requirement. Sets certain conditions in order to be exempt from permit requirements.



**SB 1371 SD2 Small Boat Harbors and Native Hawaiian Canoes**

Requires DLNR to accommodate mooring of native Hawaiian canoes owned by nonprofit entities and used for educational purposes in small boat harbors.

**Elections**

**SB 827 SD1 Election Offenses**

Prohibits a candidate from physically handling various election-related paperwork belonging to another person before or during the election.

**CONTACT US**

Hawaii State Capitol Room 203

Phone: 808-586-7344

Fax: 808-586-7348

Email: [senkeithagaran@capitol.hawaii.gov](mailto:senkeithagaran@capitol.hawaii.gov)

Web: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

**RESERVATIONS**

**SB 1082 SD1 Transportation of School Children**

Deletes statutory language specifying considerations and provisions for contracting transportation of school children.

The intent of this bill is to give the Department of Education further discretion to address the rising costs of transporting children to school. Senator Keith-Agaran voted with reservations on SB 1082 due to concerns about eliminating language regarding considerations such as the accessibility of public transportation. In his written comments, he expressed his concern that if the Department of Education ignores these considerations, the situation “could be particularly problematic for students in some areas on the neighbor islands, which may lack a robust transportation infrastructure”.

**District Capital Improvement & Repair & Maintenance Projects\***

**TRANSPORTATION**

**Hana Highway**

Land acquisition for the widening of Hana Highway.....\$ 19,000

Beautification of Hana Highway/Kaahumanu Ave.....\$ 1,545,000

**Kahului Airport**

Land acquisition of parcels near the Airport.....\$ 50,000,000

**Kahului Harbor**

Plans, design, and construction of capital improvements.....\$ 6,000,000

**FORMAL EDUCATION**

**Kihei High School**

Design and construction for civil ground work.....\$ 65,000,000

**HEALTH SYSTEMS**

**Kula Hospital**

Plans, design, construction, and equipment for repairs, maintenance, upgrades and improvements.....\$ 6,281,000

**Maui Memorial Medical Center**

Plans, design, construction, and

equipment for repairs, maintenance, upgrades and improvements.....\$22,700,000

**COMMUNITY**

**Central Maui Region Sports Complex**

Design and construction of a centrally-located sports complex on Maui.....\$ 4,700,000

**PUBLIC SAFETY**

**Maui Community Correctional Center**

Repairs and improvements at Maui Community Correctional Center.....\$ 500,000

**HIGHER EDUCATION**

**University of Hawaii**

Maintenance at all Community College campuses.....\$10,000,000

**NATURAL RESOURCES**

**Department of Land and Natural Resources**

Plans, design, and construction for Facilities in Central Maui and West Hawaii.....\$ 9,000,000

Plans, design, and construction for facilities to support departmental operations in Central Maui.....\$ 1,000,000

\*These projects have been proposed in HB 200 HD1 and may be changed in the Senate.