

SEVENTH DAY

Thursday, January 29, 1981

The Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, convened at 10:15 o'clock a.m., with the President in the Chair.

The Divine Blessing was invoked by Reverend J. Sargent Edwards, Rector of Calvary Episcopal Church, after which the Roll was called showing all Senators present, with the exception of Senators Abercrombie and Kobayashi who were excused.

The President announced that he had read and approved the Journal of the Sixth Day.

At 10:25 o'clock a.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 10:26 o'clock a.m.

At 10:27 o'clock a.m., the Senate stood in recess subject to the call of the Chair to meet in joint session with the House of Representatives in accordance with House Concurrent Resolution No. 2.

JOINT SESSION

The Joint Session of the Senate and House of Representatives was called to order at 10:40 o'clock a.m., by the Honorable Henry H. Peters, Speaker of the House of Representatives.

At this time, the Speaker introduced to the members of the Joint Session the First Lady of Hawaii, Mrs. Jean Ariyoshi, who was presented with a lei by Representative Dennis Yamada, on behalf of the Senate and the House of Representatives.

The Speaker also introduced to the members of the Joint Session Lieutenant Governor Jean King. Representative Daniel Kihano then presented Lt. Governor King with a lei, on behalf of the Senate and the House of Representatives.

The Speaker then appointed the Committee from the Senate, composed of Senators Kawasaki, Kuroda, Mizuguchi, Yee and Anderson, and the Committee from the House, composed of Representatives Kihano, Yamada, Stanley, Hashimoto, Waihee, Kamali'i and Rohlfing, to escort the Honorable George R. Ariyoshi, Governor of the State of Hawaii, to the rostrum.

Representative Stanley then presented Governor Ariyoshi with a lei, on behalf of the Senate and the House of Representatives.

The Speaker presented to the members of the Eleventh Legislature, the Honorable George R. Ariyoshi, stating:

"Members, ladies and gentlemen, it gives me a personal privilege to introduce to all of you the Governor of the State of Hawaii, the Honorable George Ariyoshi."

Governor Ariyoshi addressed the Joint Session as follows:

"Mr. Speaker, Mr. President, Lieutenant Governor King, Mayor Anderson, Members of the Eleventh Legislature, my fellow citizens:

"I feel privileged to come before you to discuss the affairs of our State of Hawaii on this very special day when, happily, our nation offers thanks for the return of our fellow citizens from their captivity in Iran.

"Perhaps no other event in recent years has rekindled our nation's awareness of the meaning of freedom as did the imprisonment of our fellow American citizens in a country that does not share our heritage or sense of fairness or reason.

"Through the hostages' experience, we better appreciate our cherished freedom to express our thoughts; our freedom to act upon our convictions; and our freedom to influence our own destiny.

"Through our nation's efforts to secure their release, we have all been reminded of the responsibilities of those who seek to establish or maintain freedom.

"Freedom is born in strength and its restrained use.

"Freedom is nurtured by compassion, and by consideration for others.

"Freedom is given substance by the participation of those willing to work together for the public good.

"Freedom endures through the development of wisdom and patience.

"Our citizens are finding renewed strength to address other challenges to freedom, represented by the

inflation weakening our economy, and the political instability found abroad. We realize now, as perhaps we have not before, that we must improve our productivity and we must expand our influence for peace and prosperity throughout the globe.

"And while it is important that America maintain its close relations with the nations of Europe, we must increasingly focus greater attention on the Pacific-Asian region. It is in this region --so much nearer Hawaii--that great change and development is occurring, and enormous potential exists.

"Japan has become an economic giant in our world. China is opening itself up for the first time in decades. Taiwan and Korea grow stronger, the ASEAN countries are developing, and the Pacific Islands are beginning to play a global role. America and these nations have much to share with one another, and this must occur in a way beneficial to all parties.

"In the past, Hawaii served logically as an intermediary point geographically for travel between the Mainland and the Pacific-Asian region. In the future, we have the opportunity to serve as the dynamic trade and cultural intermediary for these same lands.

"It is a great opportunity, and a unique one. It is not, however, one that can easily be achieved.

"We must demonstrate that we can draw upon the values of many cultures in the creation of a vital society. We must show respect to all whom we come into contact with, and above all, we must show that the spirit of cooperation is a greater force than that of dissension and strict self-interest.

"The specific topics I wish to discuss with you today deal with the challenges of Hawaii's future and problems we face now.

"The census figures for 1980 have shown that many more people now live in Hawaii than in 1970.

"While other States may have experienced a higher rate of growth, few of them share our problems of limited land and natural resources.

"We are fortunate that we have addressed our growth problems and have begun to come to grips with them. I always have believed that one of the great strengths of our State and County governments has been in the area of planning. Due to our size and associated problems,

we have had little choice but to excel in this field. But we can do even better.

"I have said, and I truly believe, that our Hawaii State Plan, which was enacted into law by this body, represents the second most important document in our State, subordinate only to the Constitution.

"The Hawaii State Plan offers a blueprint for our future unparalleled by that of any other State.

"Now the time has come to implement the specifics of this plan as we submit for your consideration the 12 State Functional Plans which will advance the process of making our State Plan a reality. These 12 plans are in the areas of tourism, energy, water resources, conservation lands, historic preservation, recreation, education, higher education, health, housing, agriculture, and transportation.

"It would be naive to expect every detail of every plan to please every legislator, county official, or citizen. But I do feel it is imperative that you adopt these Functional Plans, with modifications you may deem appropriate, so that we can confidently move ahead with programs to help us achieve our preferred future.

"Already, in many areas, we have waited too long.

"Already, things have been done that cannot be feasibly undone.

"Already, growth has occurred where growth may not have been appropriate.

"Already we have waited too long to safeguard properly some of the lands for our people today and for those who will follow us.

"In my State-of-the-State address to this body four years ago, I said that Hawaii is a national treasure, but a very fragile treasure, one that can be easily destroyed.

"This was not mere rhetoric.

"In the ensuing four years, much has been proposed, and much has been accomplished, related to that awareness of our State's beauty.

"In agriculture, through our agricultural parks programs, we are beginning to set aside more land for farmers.

"We now have an extensive State Parks System which complements

the recreational efforts of the Counties.

"We have accomplished much in preserving our historic sites, our conservation lands, our coastal zones, and our water resources.

"We have had an aggressive land acquisition program.

"We are working on an extensive planning effort for Kakaako, an underutilized area near Honolulu's waterfront which has been allowed to fall into decay.

"These achievements are significant, and we believe the Hawaii State Plan is the cornerstone of our efforts to manage our growth in the future. Your adoption of the 12 State Functional Plans will further these efforts and will create a structure for the future of Hawaii based upon sound planning.

"In addition to the Functional Plans, we will be sending to you several proposals dealing with our concern over the preservation of our land and water resources.

"Article Eleven of the State Constitution mandates the Legislature to establish standards and criteria for the reclassification and rezoning of important agricultural lands by the State and Counties. We are recommending legislation which will update our land use statutes on agricultural land classifications, and also make certain that activities on such lands be primarily agricultural.

"Article Eleven also calls for the establishment of a water resource agency that shall set overall water conservation, quality and use policies. We are submitting three proposals to fulfill this mandate.

"The first authorizes the Department of Land and Natural Resources to begin formulating a State Water Code over a three-year period.

"The other proposals would empower the Board of Land and Natural Resources to assume the Statewide regulation of our water resources, including surface water, and control of in-stream uses.

"Presently, the Land Board is limited to regulation of ground water development and use only in areas where water supplies are critical, or are near a critical stage.

"We feel that this proposal will eliminate the overlapping and conflicting duties of the various agencies responsible for water resource management and control. In addition to fulfilling the constitutional mandate, we feel the

intent of the proposal is consistent with our overall State planning efforts.

"Last year, I followed with great interest the first election of the Board of Trustees for the Office of Hawaiian Affairs. I believed then, as I do now, that this instrument of the Hawaiian people will be put to use in a positive and constructive way and will foster a better understanding by all our people of the needs, the desires, and aspirations of our Hawaiian community.

"I am sure the Trustees share with me the belief that we are stewards over this land and its bounties. It is our responsibility to serve the collective will of our people. Inherent in this stewardship is our common obligation to preserve and nurture the dignity of our people and our land so that one day, we may hand down to those who follow us, a richer more rewarding life than that which was passed on to us by our predecessors.

"In another vein, I hope that the Trustees of the Office of Hawaiian Affairs will--at some time in the future--look at what role the Hawaiian people might play in the development of Hawaii's relations with other Pacific nations, and what we might learn from their cultures.

"In regard to our activities in the Pacific, there have been several exciting developments during the past year in our effort to enhance our relations with the countries and territories of the Pacific.

"Following a successful conference early last year, Hawaii, American Samoa, Guam and the Commonwealth of the Northern Marianas entered into a partnership to form the Pacific Basin Development Council. The Council has established an office in Honolulu and is now working on a priority list of mutual concerns which include fisheries development, alternate energy development, and small business assistance programs.

"Hawaii and the Council also have become participants in a newly formed organization called the Pacific Island Conference which includes in its membership nearly all of the Pacific Island nations and territories. We believe that Hawaii will establish important links with these South and Central Pacific nations through this organization.

"We must take careful steps to work on programs of mutual concern and to help one another. Hawaii has much to offer in technical expertise,

education and market opportunities. Others, in turn, can offer us much in cultural enrichment and reciprocal trade opportunities.

"Because of our limited lands, one of our major concerns is the issue of Federal ownership, or control of lands, within our State. It is one I intend to deal with immediately, and vigorously.

"I will request that all Federal surplus lands either be turned over to the State, to the Counties, or to the Office of Hawaiian Affairs, for the long-term benefit of our people.

"On ceded lands, I will continue to seek the speedy return by the Federal Government of unrequired lands they now hold.

"I also intend to renegotiate some of the agreements that we entered into during our Territorial-status days and in the early years of Statehood.

"In this regard, I will seek a clearer agreement on the Island of Kahoolawe.

"I fully understand, and support, the present needs of the Navy, but just as surely I support the proposition that when these needs cease, this land will be returned to the State of Hawaii.

"The holding by the United States Government of lands and facilities, beyond original needs and intents, has occurred in certain areas at Piers 39 and 40, and I intend to pursue the matter of their return as vigorously as possible.

"I believe very strongly in our national defense effort, and the obvious need for it. Many times, in answer to critics of my policies regarding the military, I point out that every citizen, and every State, must make sacrifices for the protection and well-being of this nation.

"Because of our geographic location, we may be called upon to make disproportional efforts on behalf of our nation's defense, and to endure disproportional inconveniences. I think every citizen of this State realizes this and is willing to make these sacrifices.

"At the same time, I think the pride of our citizens, and their heritage, must be jealously guarded, and it is for this reason that I want to insure the return of such Federal lands and properties to the jurisdiction of the State of Hawaii at the appropriate times.

"In another land matter, our consultants for the Aloha Tower Plaza project will soon complete their feasibility study. As you review this document, you will find that we have a genuine opportunity to create a project that will transform underutilized and valuable Honolulu waterfront property into a showcase for international trade and public-use activities.

"Based on the findings, we are seeking your authorization to proceed on this important project.

"We are proposing the creation of a development corporation, to direct redevelopment activities for the area. The corporation would be charged with the responsibility of supervising the development of an international trade center, modernizing the area's maritime facilities, enhancing the beautification of the downtown waterfront, and providing public access to this area.

"During this session, I will submit a concurrent resolution for your consideration which would permit us to enter into discussions with private enterprises for the development of an industrial park in the Keehi Lagoon area. It would be located in the vicinity of the Airport's reef runway.

"Obviously, prime considerations in any such proposal are not confined to economics, but also encompass environmental and social concerns.

"The development concept, if it proves feasible, would assist greatly in strengthening our overseas trade, since it would be strategically positioned close to ocean and air transportation facilities.

"In the field of alternate energy, I am happy to report that Hawaii has made considerable progress in developing electrical energy from several sources--biomass, direct solar, wind, ocean, as well as the earth's heat--some of these are on line now or will be shortly. This has been due largely to your efforts and the efforts of many State agencies including the University of Hawaii, the Counties, and the private sector to come up with workable, economical solutions.

"In order to provide greater support for these efforts, I am proposing that an Energy Division be created in the Department of Planning and Economic Development. This new division can offer better coordination for the various State energy programs

than is now available.

"I have spoken of our preferred future, of our desire to determine our own destiny through cooperation and planning, not by leaving it to chance.

"I wish to speak to you now about some special problems we face in Hawaii today, and to offer you proposals to deal with those problems.

"While we may not be in total agreement about the specifics of each issue, I ask that we all bear in mind that we share a common responsibility to provide a future for Hawaii that is as sustaining, as hopeful, and as free as any we have known.

"Meeting these responsibilities will not be easy, but the tasks ahead of us can be facilitated through mutual respect and through cooperation.

"In the critical area of crime, I met recently with the Mayors, Prosecutors and Chiefs of Police of our four Counties, representatives of the Judiciary, and other officials involved in our criminal justice system.

"The meeting lasted many hours, and I was tremendously encouraged by its accomplishments and by the recommendations emerging from it.

"I said that I did not expect that a one-day meeting would provide all the solutions to crime in Hawaii. But we did make a start, and a very significant start, in this essential fight against elements and situations that greatly concern our people.

"We must address this problem with all the resources and innovativeness at our disposal.

"My Administration, the Counties, and the Judiciary are all committed to doing what is necessary, in all areas of criminal justice, to make our Islands once again a safe place to live, a safe place to raise children, and a safe place to visit.

"Significant as the proposals emerging from the conference were, the greatest importance, I feel, rested in the fact that at long last, most of the people involved in criminal justice in this State finally were conferring with one another. You should expect greater coordination of effort. And I earnestly request that you give utmost consideration to the crime bills to be presented to you by public and private agencies so deeply involved in and knowledgeable about these issues.

"Another concern of importance to our people is the availability of affordable housing.

"Through your past authorizations, we have been able to construct thousands of low and moderate income units for sale throughout the State. We also have built many rental units for those--including the elderly--who could not afford to purchase a home.

"While we will continue these efforts, we are recommending an expansion of one of the more successful programs, the mortgage revenue bond program known as HULA MAE.

"Since the first bonds were sold last year, nearly 1,300 families and individuals--who otherwise would not have qualified for conventional mortgage loans--were able to purchase their own homes.

"We have sent you a status report on this program and, based on its success and effectiveness, we are requesting an additional authorization of 250 million dollars. We will submit a proposal which will allow more potential homeowners on the Neighbor Islands to participate in this program.

"Another area of considerable importance, and considerable concern to everyone in our State is our visitor industry.

"With tourism to our Islands levelling off, and with airline fares continuing to spiral because of ever-increasing energy costs, it is imperative that we take action now to improve our Island visitor attractions and properties if we are to maintain, and enhance, this essential business.

"A number of tourist areas--particularly Waikiki--have been allowed to fall into discouraging neglect. I am sure all of us are ashamed of the tawdry appearance, of the lack of cleanliness, of the smut peddlers, the traffic, the hawkers, and the general atmosphere from which millions of persons each year form their opinions of Hawaii and its people.

"It is important that government work cooperatively with the private sector to safeguard and enhance this immense resource.

"Therefore, I am asking for your favorable consideration of 5 million dollars for improvements to Waikiki.

"In addition to the 5 million dollars in improvements, there are other steps we need to take to strengthen the visitor industry throughout our State.

"Several months ago, along with tourist industry leaders, I proposed the creation of a program to promote Hawaii's tourism. This program, called 'Hawaii '82,' is a 4 million dollar promotion effort aimed at revitalizing our softening visitor market. Except for \$200,000, all the funds will come from the private sector. However, this is a one-time promotional effort and we must find a way of better promoting Hawaii in the future on a more systematic basis.

"Tourism is one of the fastest growing industries in the world today. Each year, competition for the international and domestic tourist dollar becomes keener. We strongly believe that this promotional effort, along with the needed and long overdue improvements to our visitor destination areas, will go far to safeguard and enhance this vital Island industry.

"Last year, the Legislature authorized the expenditure of cash to acquire land for historical, agricultural and recreational purposes.

"This was a major step in preserving open spaces for the economic and esthetic benefit of all our citizens and visitors. I now propose a new permanent program of land acquisition--that each year we set aside a portion of our capital funds to acquire important parcels of land.

"On another land matter of critical importance, I urge you once again to take definitive action on establishing the site of another airport on the island of Oahu.

"I pray that it will not take a major air disaster to produce action to relieve the potentially lethal mix of airliners and private planes at Honolulu International Airport.

"I have suggested an area at Poamoho as the most feasible one for an alternate airport. This decision was not easily arrived at, nor was it accomplished without discussion, dissension, and some discord.

"No one wants an airport in their area, and I have not been immune from the protests of those now in the Poamoho area. I am certainly not unsympathetic to those protests. Some speak eloquently of their concern.

"But the persistent question remains, if not Poamoho, then where?

"I cannot believe anyone in this Legislative body doubts the daily danger existing at Honolulu Airport. I cannot believe that anyone in this body can

conscientiously deny the imperative need for another airport.

"So let us move this session to resolve this question. It is a difficult issue, one that never will be resolved with universal acceptance, but one that cries out for solution by you. I have made a difficult decision in selecting a site. I ask all of you, in the name of millions of people who use our International Airport, to accept the challenge of reality and make a decision.

"Now, I do not pretend that the solutions to these persistent and troublesome problems are easy. But we must, jointly, share in the responsibility to make Hawaii a better and safer place to live.

"Since we share in the responsibility of resolving society's problems, so may we share in society's accomplishments.

"For example, the test scores of our students, on a national scale, show significant improvement. This is heartening in light of the ever-increasing budget allotted to the Department of Education, and the dedication of thousands of educators determined to give our youngsters a superior education and the motivation for a successful life.

"Both the Department of Education and the University system play an important role in the development of our community. They require and merit our support, our understanding and our encouragement.

"In other fields, Hawaii continues to be an innovator and a leader--especially in alternate energy, diversified agriculture, and aquaculture.

"Our Administration has tried to be an Administration of the people, sensitive to their needs and to their desires.

"I am very proud of what has been accomplished, with your assistance, in upgrading our hospitals and general health care; in strengthening the welfare system to provide for those truly in need, but denying benefits to those who would cheat the system; in providing a more humane system under which those who formerly would have been placed in care institutions--probably for life--now have the opportunity for a more normal and happy life in a community environment; and in more and better programs for our elderly, so that they can live with greater comfort and dignity and purpose.

"I could go on and on enumerating programs which have benefitted our people. Never, I suggest, have any

of us spent dollars more wisely, or more productively, than in helping people to help themselves.

"I do take considerable pride in that we, working together, have succeeded in maintaining a strong financial foundation for this State. We only have to look around us to judge, by comparison, just how well we have succeeded.

"As of today, we have a surplus of \$179 million.

"The accumulation of this surplus from \$2.4 million at the end of the 1977-1978 fiscal year is due both to our responsible fiscal policies and to an unanticipated rise in revenues.

"The State Constitution requires that you in our Legislature establish an expenditure ceiling which limits appropriations to the estimated rate of growth in our economy. This ceiling was enacted by you last year, and provides that expenditures be limited to the average three-year growth rate of State personal income, to appropriations starting with the 1978-1979 fiscal year.

"Faced with this ceiling, we prepared a balanced budget for your consideration. This was not an easy task, and difficult choices had to be made. While it was not possible to recommend funding for all programs, we believe this budget does provide for the improvement of programs and services essential to the growth and prosperity of our economy and the health and well-being of our citizens.

"All of us can take considerable pride that a surplus exists, because it represents successful stewardship of our taxpayers' money.

"It has obviously been very important that our State exercise prudence in its expenditures. It has been important, too, to define, and to redefine, the priorities of our government, if we are to maintain this sound fiscal management and responsibility.

"To follow such frugal policies was not a happy task, either personally or politically, but it was one I accepted in the name of financial solvency for this State.

"Now, we have the task of how best to return the fruits of our efforts to the taxpayers.

"I will send proposals to this legislative body to enact a permanent tax credit of \$50 for each resident of this State.

This would mean an additional \$200 annually for an average family of four, not just this year, but every year. It is designed to return most of the taxes paid on food and drugs.

"I feel this program is most equitable and will do the most good for those in the greatest need of assistance, namely, the elderly and others on fixed incomes.

"I strongly recommend such a plan as being the most prudent and progressive of all the alternatives.

"Certainly, there are other proposals.

"One is the elimination of the excise tax on food and drugs.

"I do not consider this to be the best, or the fairest, solution because those who are not residents of Hawaii, and who are not subject to our income taxes, but yet who reside here for long periods, would be freed from paying one of the few taxes they now pay.

"The tax credit, to bona fide residents of Hawaii, is the fairest, most equitable, way to return our surplus dollars.

"In closing, I would like to note that two significant inaugural ceremonies have taken place during this past month.

"One occurred on the lawn of Honolulu Hale.

"The other, on the steps of the Capitol in Washington, D. C.

"I attended both, and was moved by both.

"In Washington, Ronald Reagan was inaugurated as our 40th President.

"He is a man dedicated to change. He comes into office with an overwhelming mandate from the American people who have expressed a desire for new directions.

"President Reagan is not a member of my party, and indeed did not receive the majority of votes from the citizens of Hawaii. But I think all of us, regardless of ideology or party affiliation, can pray for the success of this man and his Administration, as he assumes the world's most difficult job.

"I am an American first, and a Democrat second, and I have pledged to President Reagan my support as all of us work toward common goals.

"In Honolulu, Mayor Eileen Anderson, in her inaugural address, called the

City and County of Honolulu a very special place.

"I think many of us would expand that description to encompass all of Hawaii, for this, truly, is a very special place of all places in our world.

"It is a place where diverse cultures, and ethnic heritages, and different values, have come together to create a people with a common understanding and a common purpose.

"Hawaii is a place where the dignity of every human being, regardless of ancestry or economic status, has been raised to possibly the highest level in the history of man.

"Hawaii is unique in this world, not just because of our sun, and beaches, mountains and valleys, but most importantly, because of our people, and what they stand for, and what they represent.

"This society has come to us through the dedication, the understanding, and the sacrifices of those who preceded us. Let those of us now in a position of leadership accept the challenges of the present, along with the promise of the future, and make certain that this very special place called Hawaii

will endure, and with God's help, will prosper in freedom, and in righteousness.

"Mahalo and Aloha."

Senate President Wong then rose and stated:

"Governor, you have outlined for us your goals and aspirations for a better Hawaii. We of the Eleventh State Legislature commit ourselves in a spirit of cooperation in attaining a better life for our people here in Hawaii.

"Thank you very much, Governor.

"There being no further business, I adjourn this Joint Session of the Eleventh State Legislature."

At 11:15 o'clock a.m., the President declared the Joint Session adjourned.

The Senate reconvened at 11:25 o'clock a.m.

ADJOURNMENT

At 11:27 o'clock a.m., on motion by Senator Mizuguchi, seconded by Senator Anderson and carried, the Senate adjourned until 11:30 o'clock a.m., Friday, January 30, 1981.