

May 2010



Representative Mark M. Nakashima Legislative Report

Mark M. Nakashima

Vice Chair

Higher Education

Member

Committee on Education
Committee on Labor
Committee on Transportation
Committee on Public Safety

House District One · Rural South Hilo · North Hilo · Hāmākua · Kohala

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The Future is BRIGHT!



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Student from Kohala Middle School take a break from the Hawaii State Science Fair to visit the Capitol. Pictured here from left to right are front row: Mina Apostadiro, Mrs. Joyce Hashimoto, Kiana Alejandro-Cazimero, Isabel Steinhoff, Kevin Cedillos, Michael Bartolome, Mr. Jason AhSing, Mrs. Deanne AhSing
Back Row: Breanna McAulay, Mary Ann Emeliano, Edwadr Skelton, Jason AhSing

Dear Friends,

At the start of the 2010 legislative session, the state faced a \$1.2 billion short-fall. It was evident that the primary focus of the legislature would be to balance the budget which would require significant cuts to programs and increasing taxes and fees.

We were successful in not raising the General Excise Tax, which would have affected every person and business in the state. The legislature did not increase income taxes on low and moderate-income families. In addition, we did not take away the Transient Accommodations Tax from the Counties, which would have only resulted in increased property taxes for Hawaii's homeowners.

In summary, the actions we took were responsible. They demonstrate where our priorities lie: to preserve the safety net for the poor, the disadvantaged and the elderly; to support education; to protect the health and welfare of our citizens.

Aloha,

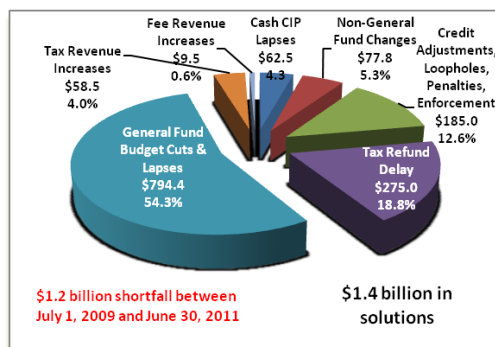
Mark Nakashima



How the Budget Was Balanced

In order to close the \$1.2 billion shortfall, the legislature made about \$794 million in General Fund budget cuts and lapses, accounted for the Governor's tax refund delay of \$275 million, passed about \$68 million in new tax or fee increases, took about \$78 million from special funds and \$185 million in credit adjustments. The pie chart shows the percentages of these actions.

Some of the major budget and tax revenue bills passed this session include:



State Budget

(HB2200) Included \$4.9 billion in General Funds and \$10.2 billion in all Methods of Financing.

Highlights: Added \$22 million to the Department of Education, added over \$1 million to restore 25 plant quarantine inspectors at the Department of Agriculture, restored \$3 million for state libraries, added \$4.3 million to restore state and federal funding for 112 Child Welfare Services and Child Support Enforcement positions, added \$3 million for Charter Schools, added \$64 million for payments owed to Medicaid providers, added \$1.3 million for Specialty Courts, added approximately \$2 million for community health centers statewide.

Cap on itemized deductions (HB1907) Temporarily places a cap on itemized deductions, \$50K for joint filers with \$300K and over in adjusted gross income, and \$25K for single filers with \$150K in adjusted gross income.

Cigarette Tax (HB1985) Increases the cigarette tax by 1 cent per cigarette, rais-

ing about \$14.8 million per year in revenue.

Barrel Tax (HB2421) Landmark legislation that sets the stage for Hawaii's future energy and food security and helps decrease the state's near total dependence of imported fossil fuel and food supply. Hawaii already spends \$8.6 billion out of state for imported fuel and food. Helps keep more dollars within the state and strengthen the local economy. Adds \$1 to the tax on a barrel of imported oil to fund energy and food security programs, renewable energy tax credits and agricultural inspectors.

Transfer of excess balances from special funds (HB2452) Collects \$46 million from various special funds and transfers excess to general fund.

Estate Tax (HB2866) Allows decedent an exemption of up to \$3.5 million before being subject to any taxes.

Defer high tech investment credits (SB2401) Temporarily suspends the claiming of credits, for three years, to 2013. Raises about \$93 million for general fund.

(SB 2001) Provides for early repeal of the state high tech credits but extends the tax credit for research activities by one year, saving the state \$13 million.



Laupahoehoe School Celebrate AYP (Annual Yearly Progress) Assembly when they met benchmarks in 2009

Education

Restore School Furlough Days (SB2124) Appropriates \$67 million from the Hawaii Hurricane Relief Fund for the purpose of funding teacher furlough days at the Department of Education for the fiscal year 2011.

Constitutional Amendment (HB2376) Proposes amending the Hawaii State Constitution to change the Board of Education from an elected board to a board appointed by the Governor.

(HB2377) Appointed Board of Education. Establishes a process by which the Governor appoints the Board of Education. New board will consist of nine voting members, one member respectively from Hawaii, Kauai, and Maui Counties, six from the City & County of Honolulu, and one non-voting public school student.

Minimum Instructional Hours (HB2486) For the 2011-2013 school years, public schools will be required to implement a school year of 185 days, including instructional, professional development and other non-instructional days. This will include 915 student instructional hours for elementary grades, and 990 student instructional hours for secondary school grades. Phases in greater instructional hours for future years.

Charter School Omnibus Bill (SB2589) Requires the Charter School Review Panel to adopt a clear process with rigorous criteria for the reauthorization of charter schools and to investigate concerns that may arise. Raises the limit on start up charter schools. Requires the BOE to make available unused school facilities to charter schools. Makes changes to charter school funding including creating a separate account in the state treasury to encourage fairness in funding and availability of resources. Sets the per-pupil general fund allo-

THE 2010 LEGISLATURE

cation for charter school students to be the same as the general fund per-pupil allocation made to the department.

Human Services

Social Services Funding through Rainy Day Fund (SB2469)

Appropriates \$23 million from the Emergency and Budget Reserve Fund, known as the Rainy Day Fund, to maintain critical programs in education, human services and health.

DHS EPOD System

(SB2650) Authorizes the state to develop the “eligibility processing operations division” or EPOD system for public assistance and welfare services as a pilot project for Oahu only. Prohibits the Department of Human Services from implementing a reorganization plan which would have closed assistance offices statewide.

Health

Disproportionate Share Hospital Funding (HB2084)

Extends to June 30, 2011, the state’s matching funds to receive federal Medicaid funding for hospitals, known as the disproportionate share hospital funds. Appropriates

\$12.3 million in state funds in order to receive \$15 million in federal funds.

Sanitation Inspectors (HB2688)

Inadequate monitoring of health and sanitation conditions in Hawaii food establishments has led to recent reports of vector control problems and salmonella outbreaks. Changes the name of the Environmental Health Education Fund to the Sanitation and Environmental Health Special Fund and allows the funds to be used for sanitation program activities and functions, including hiring of inspectors.

Colorectal Cancer Screening

(SB2599) Mandates health insurance coverage for colorectal cancer screening based on the recommendations of the U.S. Preventive Services Task Force. Requires health insurance providers in Hawaii to provide information about the risks of undiagnosed colorectal cancer and to encourage consultation with their physician about screening options.



Rep Nakashima with Lisa Barton in front of the Laupahoehoe Train Museum display during Historic Preservation Day at the Capitol.

Fireworks Task Force, County Authority (SB1059)

Establishes an illegal fireworks task force to stop the importation of illegal fireworks and explosives. Allows counties to enact ordinances regulating fireworks that are more stringent than state law regulating fireworks.

Judiciary/Crime

Campaign Financing

(HB2003) Updates and organizes the state’s campaign financing law, including clarification on the reporting requirements for corporations.

Graffiti (HB2129) Requires a person convicted of criminal property damage involving graffiti to remove the graffiti within 30 days of sentencing. In addition, the person must perform community service removing graffiti from within 100 yards of the site of the offense.

Employment

Unemployment Insurance (HB2169) Significantly lowers the cost of unemployment insurance for businesses. Sets new employer contribution rates while maintaining maximum unemployment benefits.



Soft opening of Hale Ho’ola’s new long-term care extension. It adds 27 more beds and up to 20 new staff positions in our community.

Public Safety

Fireworks Nuisance Abatement (HB1987)

Addresses the illegal importation, sale, and transfer of fireworks through the state’s nuisance abatement laws, establishing nuisance abatement and forfeiture actions to discourage those illegal activities.



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The Legislative Report



Gary Iwamoto (Hawaiian Dredging) , Rep. Mark Nakashima, Mayor Billy Kenoi, Kumu Kimo Awai, DOT Director Brennon Morioka, Councilmember Donald Ikeda at the Kealahaha Bridge Blessing.

Local Jobs for Construction Procurement (SB2840) Requires at least 80% of workers on state and county construction procurement projects to be Hawaii residents.

Housing

Housing First (HB2318) Establishes the Housing First Special Fund to assist the homeless. Housing First aims to get the chronically homeless off the street and into stable housing, where they can better address related issues such as job training, employment, and healthcare.

Environment

Beach Access (HB1808) Preserves public access to Hawaii's beaches by requiring Department of Land and Natural Resources to maintain beach

transit corridors and obstruction of the corridors by vegetation induced by adjacent property owners.

Agriculture

Invasive Species

(HB1684) Establishes or refines various fines and penalties for the intentional spreading or introducing of invasive species, causing harm to Hawaii's natural environment, economy, and quality of life.

Agriculture Inspection and Bio-

security (SB2523) Strengthens and clarifies the state's law regarding pest inspection, plant quarantine, eradication of invasive species, and bio-security. Includes requirements for various fees and charges, certifications, and exemptions.



Kapulena Agricultural Lands project moving forward. The Hamakua Ditch will play a vital role in providing much needed water for farmers and ranchers working the land.

2010 Capital Improvement Projects

\$520,000 — Akoni Pule Hwy Widening at Aamakao Gulch; land acquisition and improvements.

\$4,150,000 — Pa'auilo Rendering Plant and Slaughter House; plans, design, construction and equipment.

\$600,000 — Lower Hamakua Ditch Watershed Project; plans and construction.

\$800,000 — Hawaii Belt Road Safety Improvements in Papaikou; plans, design and construction.

\$4,000,000 — Hawaii Belt Road Rockfall Protection at Maulua, Laupahoehoe and Kaawalii Gulch; construction.

\$457,000 — Hawaii Belt Road Replacement of Pahoehoe Stream Bridge; design.

\$6,000,000 — Rockfall Protection/Slope Stabilization; land acquisition, design, and construction.

\$17,000,000 — Hawaii Belt Road Rehabilitation of Umauma Stream Bridge; land acquisition and construction.

\$9,000,000 — Hilo High School Gym; plan, design, construction and equipment.