

Prevailing Winds

Special Edition: The 2013 End-of-Session Legislative Report

District 23 - Manoa, Punahou, University, Moili'ili

MESSAGE FROM REPRESENTATIVE ISAAC CHOY, CPA

“*Sine Die*”, how sweet the sound,” I have exclaimed this at the end of every session since 2009.

My fifth legislative session ended with a flurry. But it leaves me still wondering, what could have been; and yet, being thankful for what was accomplished. The political process is a quandary. After a lifetime of owning my own business, I am convinced decision-making by consensus will never work in the business (real) world.

The legislative process is awkward, cumbersome and inefficient, just the way our forefathers intended. By the time the bills that passed this legislature become law or not, the result will be almost about the same; approximately 3000 bills introduced and 200 passed. Each bill had its own merits, and each measure was important to someone.

This year, I was appointed Chairman of the House Higher Education Committee. In our rapidly improving economy, the University of Hawaii’s (UH) budget was cut when most other state departments were given budget increases. “Why?” The answer should not surprise anyone, well maybe except for UH management. The deteriorating relationship between the Legislature and UH continues. Years of distrust and limited cooperation fosters an adversarial relationship. Was it only since 2001 that UH attained limited autonomy? The president’s office has seen many come and go, and now UH management must be wondering, “what next?” I hope they don't hire another consultant or psychiatrist to figure it out.



Rep. Isaac Choy & Mrs. Laurie Choy had the honor of meeting with Senator Inouye in Washington D.C. We Will All Miss Him.

One of the brighter spots in the UH lineup is Chancellor Tom Apple; I think he and I have the same sense of humor. He has a fresh, new attitude and outlook, and I look forward to working with him.

My committee goals for this session were *governance*, and *repairs and maintenance* for the University. I achieved one goal and struck out on the other, but batting 500 is above par for the legislature.

I was sitting in Red Square on the University of Washington campus, writing this portion of *Prevailing Winds*; if everyone could just see this place. We are making progress, but only baby steps. One day, we will have a University that is second to none. We need to do this for our future and our children.

I will be working during the interim to help the University move forward and work towards an improved relationship with the legislature. *Continued on Page 2—*

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More from Choy

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Sacrificing our children by not supporting our public educational system is a mistake. On the other hand, educating our children is a calling, and not a money-making venture. Administrators and managers who have lost their passion for educating our youth should not be part of the University System.

Although the University took up most of my time this session, I did work on many other issues. Not being on the House Finance committee for the first time in four years was uncomfortable, but the experience of chairing the House Higher Education committee was a great experience.

This has been my fifth legislative session, and it was a privilege to represent you again. We may not agree on all of the issues, but I can sincerely say that I am trying my best for all of the people of Manoa and the state of Hawaii, and will continue to do so.

Thank you for your support, confidence and courtesies you have shown me. With your help, we can make Hawaii the best place to live!

Please enjoy this...

Special Edition of
Prevailing Winds
The 2013 Legislative Report

Aloha and Mahalo,



Rep. Choy, Rep. Nakashima, Sen. Taniguchi, Rep. Belatti with featured Art at the Capitol Artist—Satoru Abe.



Rep. Isaac Choy and Councilmember Ann Kobayashi congratulate Malama Manoa on their 20th Anniversary.



Rep. Isaac Choy had a great time at Hokulani Elementary School's "Career Day" talking about his role as a legislator and CPA.



Rep. Isaac Choy congratulates Lynn Nguyen, a junior at Punahou School, for being a "Prudential Spirit of Community Service, 2013 Distinguished Finalist of Hawaii."

State Budget

HB200 CD1 appropriates funds for operating and capital improvement costs of the Executive Branch for the biennium fiscal years **FY2013-2014** and **FY2014-2015**.

- ▶ **FY2013-2014**— offers **\$6 billion** in general funds and **\$11.8 billion** in all other means of financing.
- ▶ **FY2014-2015**— appropriates **\$6.1 billion** in general funds and **\$12 billion** in all additional financing means.
- ▶ **Over \$3 billion** in funding for **Capital Improvement Projects (CIP)**; and
- ▶ **\$30 million** for **Grants-In-Aid** for non-profit organizations.

The **Financial Plan** includes an addition of **\$160 million** into the **Hurricane Relief Fund** and **\$50 million** into the **Rainy Day Fund**.

Most importantly, it includes appropriations of **\$217 million** in the next biennium to begin payments towards the **State's unfunded liability** and will continue to allocate funds every year ending in an allocation of **\$500 million** in FY2019.



Junior Achievement of Hawaii 2013 Hall of Fame Laureates
 L-R Former Rep. Colleen Meyers, Honoree Ralph Inouye, President Burton-Torres, Honoree Russell Oda, Honoree Randal Hiraki (Manoa boy), Rep. Isaac Choy, Board Chair Ben Nakaoka.

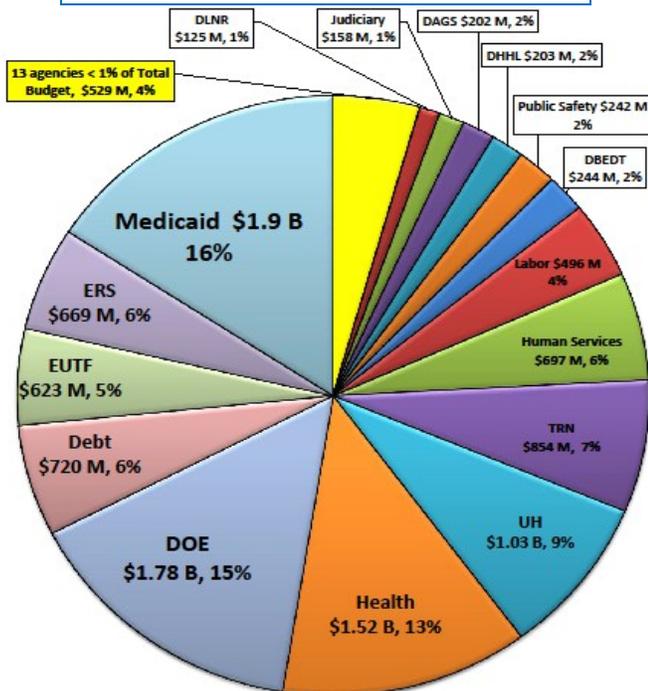
The projected surplus was used to strengthen economic drivers to ensure increased revenue returns.

- **Construction Industry** - authorizes more than **1.3 billion** in general obligation bond authorization for capital improvements statewide.
- **Tourism**—includes an **\$11 million increase** to the Hawaii Tourism Authority to strengthen the marketing of Hawaii as a visitor destination.
- **High Technology Industry**—appropriates **\$6 million** in investment startups and tax credits for research & development.

FY14 Statewide Operating Budget

All Means of Financing

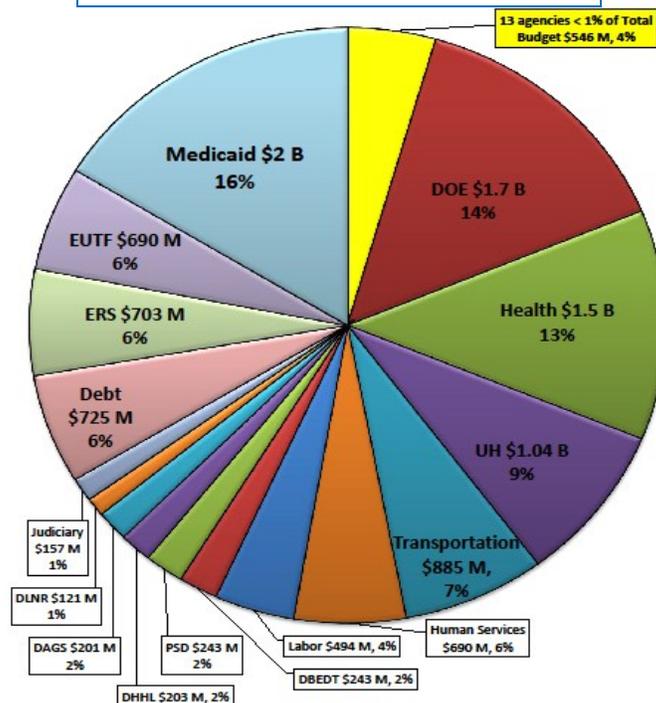
\$12,020,095,452



FY15 Statewide Operating Budget

All Means of Financing

\$12,188,142,666



Choy Bills

University of Hawaii Procurement & Independent Audit Committee

ACT 87 EFFECTIVE JULY 1, 2013

HB114 began as an “audit committee” bill. This bill did pass with many changes from its original form, but will go far to promote governance in the Board of Regents. The new law moves the supervision of UH construction projects to the State Chief Procurement Officer. This may help to clean up the tarnished image of favoritism in awarding projects.

The statutory creation of an audit committee within the Board of Regents will hopefully emphasize the importance of fiscal responsibility, and support the practice of openness and transparency. This will repair much of the distrust between the Legislature and University management. All of this will depend on people. Changing the culture, practice and long standing mindset of the University will be a slow and painful process.



IN THE MEDIA

Excerpts from the STAR-ADVERTISER

PUBLIC INVOLVEMENT ADVISED IN PICKING NEW UH PRESIDENT— MAY 13, 2013

"They need to get their house in order," said state **Rep. Isaac Choy**, chairman of the House Higher Education Committee. **Choy** said the board should take some time to look within — figure out whether it needs to change the administrative structure of the board, and seek a strong executive director, a position currently vacant."....

LACK OF FACILITIES MOVES PHARMACY COLLEGE TO EDGE— MAY 20, 2013

"Health, safety and code violations for repairs and maintenance comes first before any other construction," **Rep. Isaac Choy** (D, Manoa-Punahou-Moiliili), chairman of the House Higher Education Committee, said Wednesday. "As the session went on, I held firm to that stance and that's the House position."

Choy said he still is willing to work with the University and the College, but said officials would have to show him a long-term plan for repair and maintenance and overall sustainability before such a large funding request would be considered.

"The price tag on the pharmacy school is very, very, very expensive," **Choy** said. "At the end of the day, I'm sure we can have some kind of accommodations to comply with their accreditation report. The UH has a lot worse problems than just building a new building. I think we have to prioritize exactly what we need and I think the first priority has got to be trying to maintain what you have instead of building."....

UH REPAIR BACKLOG NEEDS FIXING—APRIL 3, 2013

"On the whole, **HB115** has a better approach when it comes to accelerating the construction program at UH to tackle repairs. Among its components:

- The new special fund would be created initially using 10 percent of the balances of all UH special funds for the next two fiscal years.

- The fund also would include 5 percent of all gross revenues UH receives, and revenue from general obligation bonds.

- A new campus planning facility board would prioritize the projects and direct the schedule, giving the Legislature an annual status report...."



Former Rep. Jerry Chang and UH Hilo College of Pharmacy Students visit the State Capitol.

Repairs and Maintenance

HB115, a simple concept, passed in the House. The House Finance Committee appropriated approximately \$100 million towards repairs. The purpose of **HB115** was clear; we will give you money for repairs, but UH must do two things: use part of the funds received from other sources, and put it towards the repairs and maintenance, and also provide an accurate accounting of these monies.

I wanted to make sure the money was really used for its intended purpose. The Senate did not understand these simple concepts and chose not to move the bill forward. Oh well, there's always next year.

Choy Bills

Manoa Innovation Center Land Lease

One measure that is of concern to the Manoa Community is the fate of the Manoa Innovation Center whose lease with UH is ending in 2015.

HB71 was introduced to extend the lease with UH for 25 years, which the Senate later changed to 10 years, then eventually killed.

The University wants the building back and has lobbied to regain the structure. The last thing UH needs is another building to mismanage. The current occupant is the Hawaii Technology Development Company (HTDC), a division of the Hawaii State Business Development Corporation and many start-up companies.

As you drive by this well-maintained building located at 2800 Woodlawn Drive in Manoa, compare the condition of the UH AG station and UH Astronomy building to the Manoa Innovation Center. You can clearly see the difference between how a business maintains a building; the façade is clean and welcoming, landscaping is manicured. Then take a look at the facilities “maintained” by the University. I predict that the Manoa Innovation Center will revert back to the University, and it will deteriorate like the rest of the campus.

Hawaii Employer Union Health Benefits Trust Fund

HB546—First, it is important to distinguish *ERS* (retirement) benefit liabilities from *EUTF* (health) benefit liabilities. Both of these benefits must be paid upon retirement to State and County retirees.

The House has been trying for years to fund these obligations but has faced resistance from the Senate, who believes in “the pay as you go” method. I guess the liability has grown large enough for the Senate to change its mind and fund these liabilities. This bill will not be the last measure needed to address this problem. The cost of providing post-retirement medical benefits is increasing at an exponential rate. A new benefit structure will have to be explored for this problem to be managed.

Internet Taxation

On the tax front, my bill to have internet sellers collect Hawaii General Excise taxes failed again. Out-of-State sellers have an advantage over our local stores.

I have always said that cheating on taxes should not be a tax-planning technique. A use tax is due on all internet purchases. Therefore, having the seller collect the tax is an efficient way of administering current law.



Top: L-R Richard Lim, Rep. Choy, Sen. Taniguchi
Bottom: L-R Steve Case, Governor Abercrombie, Yuka Nagashima

IN THE MEDIA

WHO WOULD CONTROL THE MANOA INNOVATION CENTER? Excerpt from “HAWAII BUSINESS” — MARCH 2013

The state’s High Technology Development Corp. and the University of Hawaii both want control of the building, where new tech companies often start...

“Meanwhile, SB447, a bill introduced by state Sens. Glenn Wakai, Suzanne Chun Oakland and Clarence Nishihara, would transfer title to the Manoa land to HTDC. **Another bill, HB71, introduced by Rep. Isaac Choy, would extend the existing lease by an additional 25 years.** Both bills passed first reading.”

“I oppose the idea of transferring the title to the Manoa land to HTDC.”

BILL WOULD MANDATE PAYMENTS BY STATE AND COUNTIES. Excerpt from “STAR-ADVERTISER” — MAY 27, 2013

Separately, **House Bill 546** would put the state and counties on a payment schedule to achieve targeted annual contribution goals by fiscal year 2018. Young says the bill, if approved by Abercrombie, likely would make Hawaii the first state to commit to a payment schedule in law...

INTERNET TAXATION

Excerpt from “STAR-ADVERTISER” — MAY 26, 2013

Congress is advancing an online tax bill, and Hawaii advocates want in or lucrative e-commerce sales.

“Unlike many other states’ sales tax, which is attached to purchases, Hawaii’s 4 percent general excise tax is levied on a company’s gross receipts—a tax on the seller instead of the buyer, which the company commonly passes on to customers. By extension then, purchases made through the Internet by Hawaii’s buyers should be taxed, said **Choy**.”

VISIT MY [MEMBER WEBPAGE](#) TO VIEW ALL OF MY NEWSLETTERS, MEASURES INTRODUCED, BILL STATUS, EVENTS IN THE COMMUNITY, ETC.

<http://www.capitol.hawaii.gov/memberpage.aspx?member=choy>

Some Community Bills of Interest

Highway Safety; Use of Mobile Electronic Devices.

Improves highway safety for drivers and pedestrians by enacting a statewide law prohibiting the use of cellular phones and other mobile electronic devices while operating a motor vehicle, with certain exceptions. (HB980 SD2)

ACT 73 EFFECTIVE JULY 1, 2013

Mopeds; Noise Control; Safety.

Addresses **concerns** regarding the use of mopeds by, among other things:

- Clarifying the prohibition on modifications to the exhaust system of a moped that amplifies or increases the noise emitted by the muffler originally installed on the moped. (HB1189 HD1)
- Requiring annual registration and inspection of mopeds to promote safety and determine if modifications have been made to a moped that would increase vehicular noise, and increasing the fine for unlawfully modifying the motor of a moped to \$1,000. (HB1324 HD2)

Passed in the House but Failed in the Senate

Disorderly Conduct at Bus Stops.

Makes it a disorderly conduct offense to lie down at a bus stop shelter or structure in a manner that interferes with use of the bus stop. Establishes a fine of \$50 for a violation. (HB31 CD1)

Recommended to Conference Committee

Motor Vehicles; Seat Belts; Passenger Safety.

Increases the safety of motor vehicle occupants by requiring all front and back seat passengers who are eight years of age or older to be restrained by a seat belt assembly. (SB4 HD2)

ACT 74 EFFECTIVE JULY 1, 2013

Liability; Road Maintenance; Disputed Roads.

Specifies that a government agency does not assume ownership or jurisdiction over a disputed road solely through maintenance activities. Authorizes State to quit-claim ownership of roads in favor of counties.

(SB1357 SD2) **Deferred in Conference Committee**

For **FULL** Text of Measures

▶ Passed the 2013 Legislature

▶ Enacted into Law



www.capitol.hawaii.gov



Costly Tax Measures

I **voted against** two very costly tax incentives:

- The **increase in the film and movie production credits** which will cost us hundreds of millions of dollars. The existing film credit is very generous, but the legislature wanted to give them more.
- The **General Excise tax exemption** that would give hotel operators the opportunity to transfer monies among different entities. I **opposed** this because it would cost us \$13.1 million dollars a year.



Early Childhood Education

Early childhood education will be in the hands of the voters.

I **supported** a ballot initiative that will give voters (all of us) a chance to decide to initiate early education.

I don't know if a ballot initiative is evidence of the will of the people. I think we voted on rail through different means about three or four times already.

Yes

Conveyance Tax

My efforts to collect conveyance taxes from those who transfer property in a corporate entity **failed**. What this means is that when you or I sell our home, we pay conveyance taxes, but when Lanai gets transferred between corporations, they don't pay conveyance taxes.



Food Labeling

Genetically-Engineered Organisms

I **supported** the consumers' right to know what they are buying. **HB174 HD2** stalled in the Senate when definition and enforcement mechanics could not be established. Hopefully, this measure will be ready to pass when all parties, including the federal government, can figure out the details of implementing this initiative.

Yes

In The Community

Manoa Stream - Woodlawn Bridge

It's been almost ten years since the last great **Manoa Flood**. I can still remember the great flood of the sixties when IGA got flooded. So what has been done so far? Other than lots of talk, *absolutely nothing!*

I attended a Ala Wai Watershed Meeting on May 22, 2013 and the representative from the United States Army Corp of Engineer (USACE) instructed us of the "plan."

- ▶ The USACE will finish finding a solution for the flooding by the end of 2015, at which time, they will present it to us. It will consist of dams and water catchment areas.
- ▶ The next step will be the permitting stage of which this project can begin. This will take three to five years.
- ▶ After the permitting is done, then the construction phase will begin.

After construction is completed and the efforts of the "plan" can be evaluated, then we can start talking about individual properties along the stream. **The entire cost of this project will be shared: 35% State, 65% Federal.**

An interesting aside, is the **Woodlawn Bridge** which was determined to be the cause of the water backing up, can be fixed with FEMA funds, immediately.

As I told you before, the Manoa Stream problem is going to take a long time to fix. **Keep your children informed of the details, they are going to see the end of the project.** Gee, I wonder if kindergarteners know about the United States Army Corp of Engineers and what they do?



FOR MORE INFORMATION

Forming/Joining a Manoa NSW

CONTACT:

**Manoa Neighborhood Security Watch
Recruitment Team**

Raleigh Ferdun: neighbor@manoahomeserver.com

Norman Wong: norm516@hawaiiantel.net

District 23 Communications

MAILINGS

Legislative Reports

- ▶ Mid-Session (March)
- ▶ End-of-Session (July)



EMAIL BLASTS



- ▶ Monthly *Prevailing Winds*
- ▶ Community Meetings & Events

Email: c.hagihara@capitol.hawaii.gov to be

Included on our EMAIL BLAST list.

Removed from our MAILING list.



Mr. Tadashi Fukumoto (1 of 450 Congressional Gold Medal Recipients from Hawaii) with Rep. Choy & Councilmember Kobayashi at last year's Manoa Legislative Town Meeting

Manoa Legislative Town Meeting

PLEASE SAVE THIS DATE

Date:

TUES., DECEMBER 10, 2013

Time:

6:15 P.M.—8:15 P.M.

Location:

MANOA ELEMENTARY SCHOOL

CAFETERIA

(3155 Manoa Road)

**Share Your City & State Concerns with
your District-Elected Officials.**

MY LEGISLATIVE PARTICIPATION

HAWAII

House of Representatives

- CHAIR:** ▪ Higher Education
- Member:** ▪ Education
- Agriculture
- Economic Development & Business
- Tourism
- Veterans, Military, International Affairs, & Culture and the Arts
- House Majority Policy

NATIONAL

Council of State Governments (CSG-WEST)

- Member:** ▪ Higher Education Task Force
- Education Public Policy
- West Trends

National Council of State Legislatures (NCSL)

- Member:** ▪ Education Committee
- Education Data Fellowship
- Connected Learning Advisory Board

Representative Isaac Choy
415 S. Beretania Street, #404
Honolulu, Hawaii 96813



Selected to

2013 Council of State Governments (CSG) Henry Toll Fellowship

The **Toll Fellowship Program**, named for CSG founder Henry Wolcott Toll, is one of the nation's premier leadership development programs for state government officials. Each year, Toll Fellows brings 48 of the nation's top officials from all three branches of state government to Lexington, Ky., for an intensive six-day, five-night "intellectual boot camp." The program's agenda includes a lineup of dynamic speakers and sessions designed to stimulate personal assessment and growth, while providing priceless networking and relationship-building opportunities.

Western Interstate Commission for Higher Education (WICHE)

The **Western Interstate Commission for Higher Education** is a regional organization created by the Western Regional Education Compact and adopted in the 1950s by Western states. WICHE was created to facilitate resource sharing among the higher education systems of the West. It implements a number of activities to accomplish its objectives.

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The Legislative Report

Prostate Cancer Awareness

(HCR33)
Resolution
Adopted.



During the months of September and April 2013 and 2014, the State Capitol will participate in the "**Light the State Capitol Blue**" initiative.

Prostate cancer is the second most common cause of male cancer-related death in the United States. Increasing public awareness of prostate cancer is essential to prostate cancer prevention and early treatment because such awareness encourages men and families to learn about prostate cancer screening, diagnosis, and treatment options.