

2017 Legislative Update

University of Hawai'i at Hilo

MAY 15, 2017



Senator Kaiali'i Kahele



- Senate District 1- Hilo
- Chair
 - Committee on Higher Education
- Vice-Chair
 - Committee on Education
- Member
 - Ways & Means
 - Housing

2017 Legislative Calendar

29th Legislature Jan. 18 - May 4

JANUARY

Jan 18 Opening Day

Jan 20 Non-Admin Bill Package Cutoff & Grant/Subsidies Cutoff

Jan 23 State of the State Address and Admin. Bill Package Cutoff

Jan 25 State of the Judiciary Address & Bill Intro Cutoff



2017 Legislative Calendar

FEBRUARY

Feb 23 Mandatory 5-Day Recess Begins

MARCH

Mar 1 Mandatory 5-Day Recess Ends

Mar 3 First Decking (Bills)

Mar 9 First Crossover (Bills)

Mar 10 Substantive Resolution Cutoff

Mar 13 Budget Decking

Mar 15 Budget Crossover



2017 Legislative Calendar

APRIL

- Apr 6 First Crossover (Conc. Resos)
- Apr 7 Second Decking (Bills)
- Apr 13 Second Crossover (Bills) & Disagree
- Apr 21 Constitutional Amendments
- Apr 24 Second Crossover (Conc. Resos)
- Apr 27 Final Decking (Non-Fiscal Bills)
- Apr 28 Final Decking (Fiscal Bills)

MAY

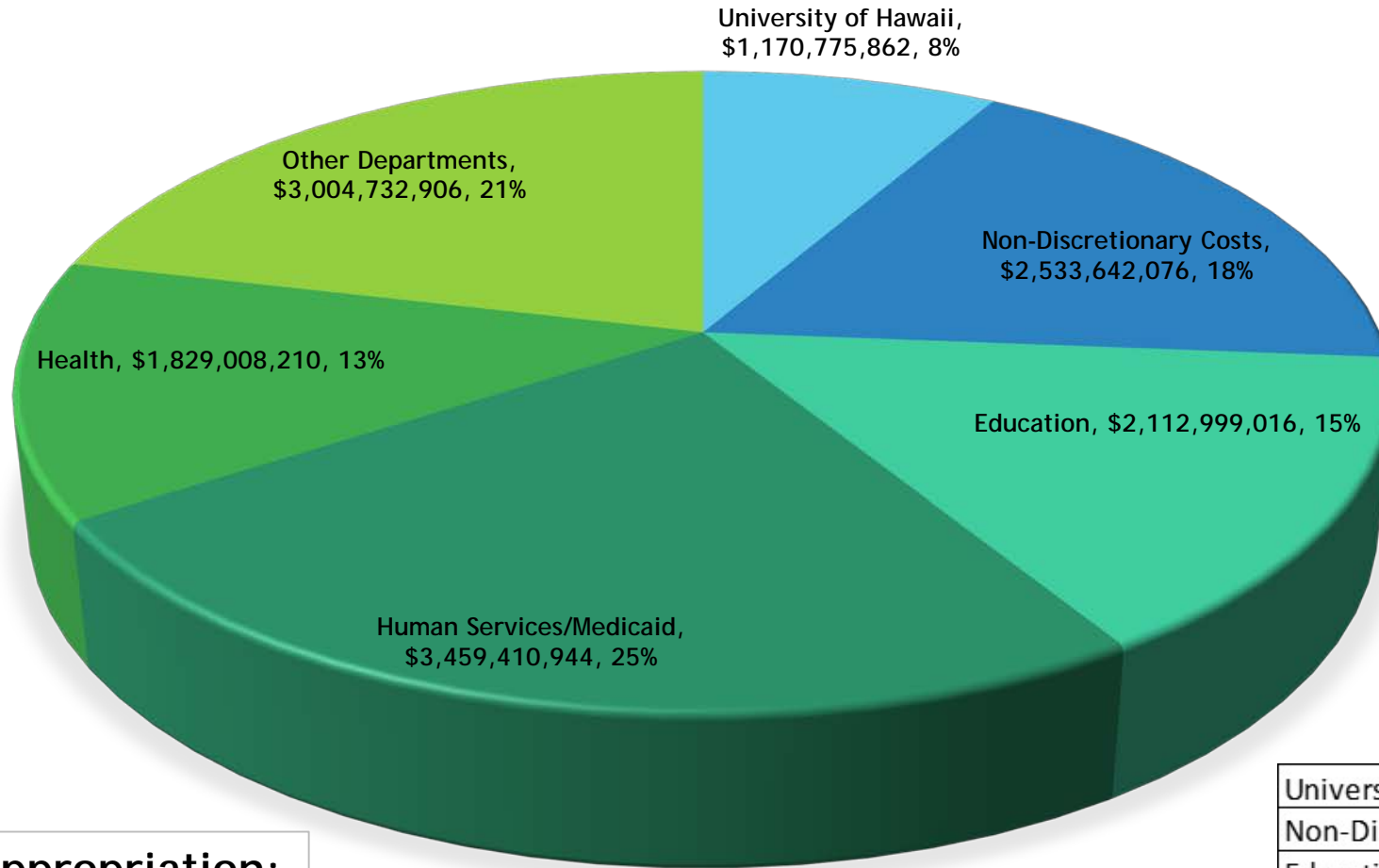
- May 4 Adjournment Sine Die



29TH LEGISLATURE, 2017 HIGHLIGHTS

- \$14.1 billion FY 17-18 Biennium Budget
- \$14.3 billion FY 18-19 Biennium Budget
- \$81 million for CIPs in Hilo
- \$2.2 million Operating GIAs for Hawai'i Island
- \$5.4 million CIP GIAs for Hawai'i Island

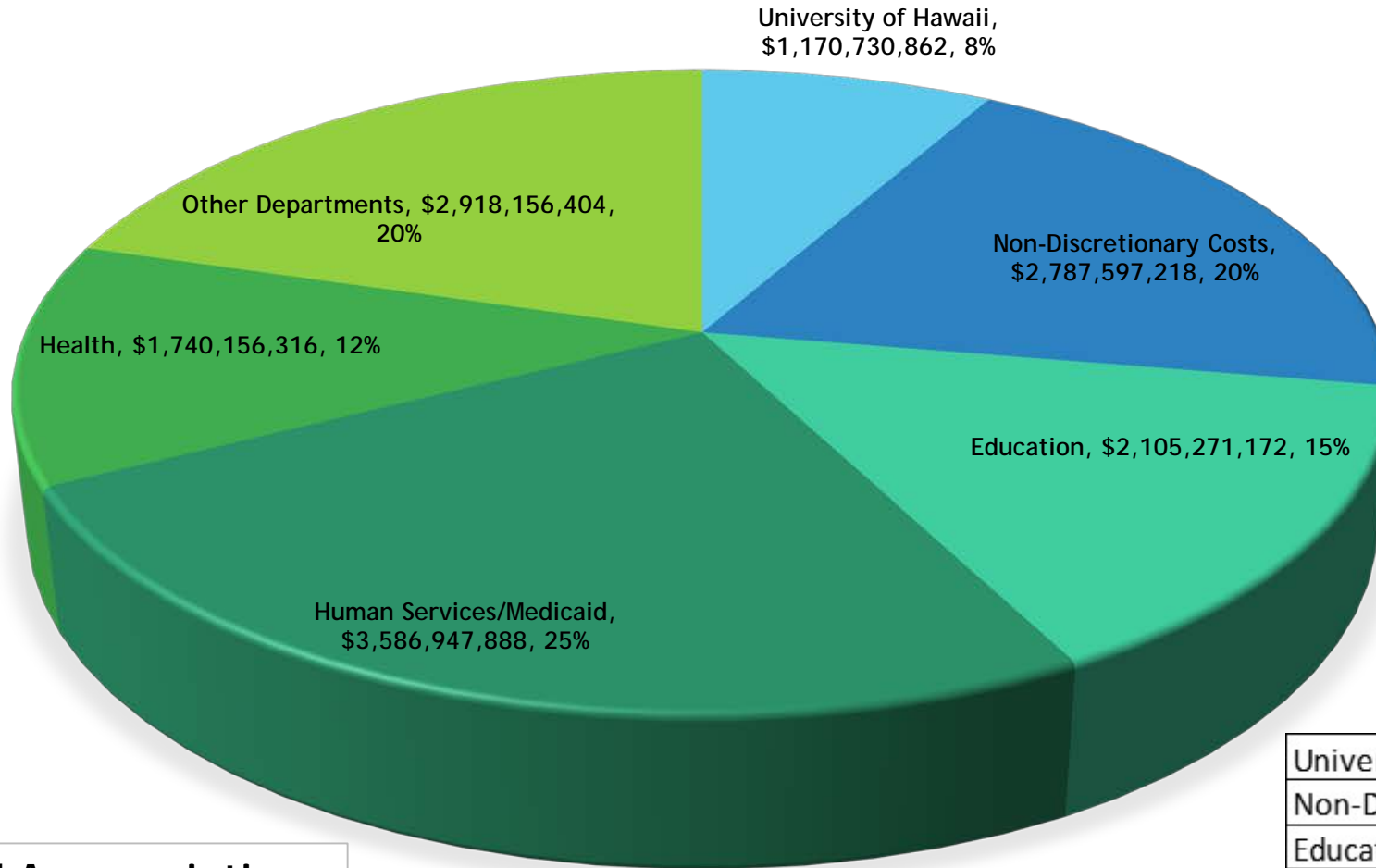
HB100 HD1 SD1 CD1, TOTAL APPROPRIATIONS, ALL FUNDS, FISCAL YEAR 2017-2018



**Total Appropriation:
\$14,110,569,014**

University of Hawaii	\$1,170,775,862
Non-Discretionary Costs	\$2,533,642,076
Education	\$2,112,999,016
Human Services/Medicaid	\$3,459,410,944
Health	\$1,829,008,210
Other Departments	\$3,004,732,906

HB100 HD1 SD1 CD1 TOTAL APPROPRIATIONS, ALL FUNDS, FISCAL YEAR 2018-2019



**Total Appropriation:
\$14,308,859,860**

University of Hawaii	\$1,170,730,862
Non-Discretionary Costs	\$2,787,597,218
Education	\$2,105,271,172
Human Services/Medicaid	\$3,586,947,888
Health	\$1,740,156,316
Other Departments	\$2,918,156,404

29TH LEGISLATURE, 2017

HIGHLIGHTS

- **HB100** - Appropriates \$1.8 million to the Hawai'i Promise Program. It will provide scholarships for the unmet direct cost needs of qualified students enrolled at any community college campus.
- **HB451** - Reduces the minimum Hawaiian blood quantum requirement of certain successors to lessees of Hawaiian home lands from one-quarter to one thirty-second. ([Introduced Senate companion SB849](#))
- **HB916** - Makes an appropriation for the health care provider loan repayment program administered through the John A. Burns School of Medicine. The program provides loan repayment for physicians, physician assistants, nurse practitioners, psychologists, social workers, licensed professional counselors, and marriage and family therapists who agree to work in a federally-designated health professional shortage area or an area of Hawaii found to be underserved.

29TH LEGISLATURE, 2017

HIGHLIGHTS

- **SB559** - Requires the State to expand strategies and mechanisms to reduce greenhouse gas emissions statewide in alignment with the principles and goals adopted in the Paris Agreement.
- **SB1244** - Authorizes qualified nonprofit housing trusts to repurchase affordable units developed with government assistance when a government entity waives its first right of refusal to repurchase the unit. Authorizes counties to waive a first right of refusal to repurchase a privately-developed affordable housing unit built pursuant to a unilateral agreement or similar instrument.
- **SB423** - Prohibits denying a student a meal for failure to pay within: (1) The first 21 days of the first semester of a school year while the student's application for free or reduced lunch is being processed; or (2) 7 days after the student's meal fund account balance is zero or negative.

STATE FACILITIES CAPITAL IMPROVEMENT PROJECTS

- \$21.8 million for improvements at Hilo International Airport
- \$13.2 million for new medium security housing unit for Hawai'i Community Correctional Center Improvements
- \$4.3 million for Keaukaha Military Reservation



EDUCATION CAPITOL IMPROVEMENT PROJECTS

- \$1.25 million for plans and design to upgrade Hilo High School's track and field.
- \$2.4 million for plans and design to renovate Hilo High School's Building B and Auditorium.
- \$950,000 for construction of a new boys and girls locker room at Hilo Intermediate School.
- \$2.5 million for plans, design, and construction for renovation of a new cafeteria and administration building at Waiakeawaena Elementary School.



HIGHER EDUCATION CAPITOL IMPROVEMENT PROJECTS

- \$3 million for cost of a energy efficient air conditioning system at the University of Hawai'i at Hilo Hale 'Alahonua student housing.
- \$450,000 for reroofing of facility 8843 at Hawai'i Community College.
- \$700,000 for improvements and renovations at Hawai'i Community College.



HEALTH CAPITOL IMPROVEMENT PROJECTS

- \$4.5 million for interior and exterior improvements of the Hilo Counseling Center and Keawe Health Center.
- \$2 million for construction and equipment for the creation of a telehealth unit at Hilo Medical Center.



OTHER CAPITOL IMPROVEMENT PROJECTS

- **\$13 million** to construct and replace current One-Lane Mile Bridge between Hilo and Puna (4 Mile Creek Bridge).
- **\$1.1 million** for land acquisition and design for rehabilitation or replacement of Wailuku Bridge.



OPERATING GRANT-IN-AID

- \$500,000 to Hawai'i County Economic Opportunity Council
- \$150,000 to High Tech Youth Network
- \$250,000 to Hospice of Hilo



CAPITOL IMPROVEMENT PROJECTS GRANT-IN-AID

- \$130,000 to Friends of Palace Theater for construction and equipment of a new air conditioning system.
- \$200,000 to Hawai'i Island Community Development Corporation for a new adult care center facility.
- \$698,000 to Island of Hawai'i YMCA for construction and equipment for extensive repairs to the YMCA building.
- \$605,000 to Pacific Well Drilling and Pump Services for equipment.

(All projects qualify as a grant, pursuant to Chapter 42F, HRS)



Representative Clift Tsuji

Legacy Bill

- **HB1325-** Requires the Department of Agriculture to establish and report to the Legislature on parameters and construction requirements for biosecurity facilities that provide for and ensure the safety of agricultural and food commodities. Makes appropriations for the biosecurity program, including projects for import replacements of high risk crops.



SB1183

Measure Title: RELATING TO TAXATION

Report Title: County Surcharge on State Tax

SB1183 HD2 SD2 HCD2

- ▶ Increases TAT from 9.25 percent to 10.25 percent for 11 years through 2028.
- ▶ TAT revenue to counties will remain at \$103 million per year until 2028.
- ▶ Honolulu's share of the TAT will be exclusively for funding rail.

SB1183 HD2 SD2 SCD2

- ▶ Extends Honolulu County GE tax 10 years (2037).

Transient Accommodation Tax

The TAT is a tax imposed on gross income from the rental of a transient accommodation and on the fair market rental value of a time share vacation unit in the State of Hawaii.

A transient accommodation is an apartment, house, condominium, beach house, hotel room, suite, or similar living accommodation rented to a transient person for less than 180 consecutive days in exchange for payment in cash, goods, or services.

(State of Hawaii Department of Taxation)

Transient Accommodation Tax

TIMELINE

- 1987: TAT established
- 1990: Act 185 (SLH 1990) begins distributing TAT funds to the state and various counties as follows
 - 5% of the revenues collected was retained by the state for TAT-related administrative purposes
 - Remaining 95% of TAT collected distributed to the counties as follows: (**this distribution has remained the same)
 - 14.5% Kauai County
 - 18.6% Hawaii County
 - 22.8% Maui County
 - 44.1% Honolulu County
- 1994: Not enough money to pay for the completion of the convention center raised TAT to 6%

Transient Accommodation Tax

- 1998: TAT amended by
 - assessing and collecting taxes on resort timeshare vacation units
 - Increasing the distribution to the Convention Center Capital Special Fund to 17.3% of revenues collected
 - 44.8% of revenues collected distributed to the counties in the same proportional share as in prior years
- 1999: TAT increased to 7.25%
- 2002: Legislature limits TAT distributions.
- 2009: TAT increased to 8.25%
- 2010: TAT increased to 9.25%
- 2011: Legislature addresses budget shortfalls by increasing revenues from the TAT to the state and limiting TAT revenues to the counties to no more than \$93 million

Transient Accommodation Tax

- 2012: Legislature increases TAT deposit into Tourism Special Fund (TSF) cap from \$69 million to \$71 million in response to Obama executive order announcing new initiatives to increase tourism in the U.S.
- 2013: Legislature made 9.25% TAT increase and caps on TAT distribution to TSF and counties permanent (\$93 million).
- 2014: Legislature amends distributions of the TAT by raising TAT revenues allocated to the counties to \$103 million FY2015 & FY2016.
- 2017: Sunset on allocation of \$103 million to the counties for FY15-16 ends reverting back to \$93 million.

TAT Total: \$485 million

Hawaii County, Maui County, & Kauai County = 51.8% - \$251 million

City & County of Honolulu = 48.2% - \$234 million

Transient Accommodation Tax

**Exhibit 3-2: Potential Statewide Annual TAT/TOT Collections,
FY2015–FY2025**

Fiscal Year	TAT Revenues (\$ millions)		Annual Change	
	HA Forecast	Recession Scenario	HA Forecast	Recession Scenario
2015	\$ 421	\$ 421	—	—
2016	\$ 450	\$ 460	6.8%	9.2%
2017	\$ 474	\$ 476	5.4%	3.6%
2018	\$ 497	\$ 486	4.9%	2.0%
2019	\$ 520	\$ 417	4.6%	-14.2%
2020	\$ 543	\$ 393	4.5%	-5.6%
2021	\$ 568	\$ 472	4.5%	20.0%
2022	\$ 592	\$ 538	4.2%	13.8%
2023	\$ 623	\$ 612	5.2%	13.8%
2024	\$ 649	\$ 656	4.3%	7.2%
2025	\$ 678	\$ 699	4.4%	6.5%
TOTAL 2016–2015	\$ 5,594	\$ 5,208	—	—

Source: Belt Collins Hawaii LLC

SB1290

Measure Title: RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Report Title: Transient Accommodations Tax

Purpose: Adjusts allocation of transient accommodations tax revenues to the tourism special fund for inflation. Adjusts allocation to the counties to equal forty-five per cent of the amount of revenues remaining after all other allocations are made.

Kauai County shall receive 14.5%;

Hawaii County shall receive 18.6%;

Maui County shall receive 22.8%; and

City and County of Honolulu shall receive 44.1%

TAT Total: \$485 million
Counties Allocation 45% = 218 million
Hawaii County 18.6% = \$40.5 million

2017 KAHELE BILLS

▶ SB272 - Relating to Rat Lungworm

Appropriates funds to the University of Hawai'i at Hilo for programs, studies, and activities related to the prevention and eradication of rat lungworm disease.

▶ SB848 - Relating to Higher Education

Expands the Hawaiian Language College's functions. Authorizes a Hawaiian language medium general education coursework pilot project. Supports the development of an implementation plan for Hawaiian language instruction throughout the University of Hawai'i System.



2017 KAHELE BILLS

▶ SB1163 - Relating to Aeronautics

Replaces the criminal penalty for certain airport offenses relating to aviation practices and to licensing or regulation of commercial activities at public airports with a fine.

▶ SB1292 - Relating to Hilo Community Economic District

Establishes the Hilo Community Economic District as a community development district located in East Hawai'i under the Hawai'i Community Development Authority. Establishes the Hilo Community Economic Revolving Fund. (House Companion HB1479)



Higher Education

Senate Higher Education Chair Priorities

- ❖ Tuition freeze at all UH System Campuses.
- ❖ UH Board of Regents convert two seats to faculty seats.
- ❖ Executive and Managerial Positions & All UH Administrators that have salaries that exceed \$150K required to have a contract.

2017 KAHELE RESOLUTIONS

▶ SR53 - Hilo International Aerospace and Technology Park; Master Plan

Requesting the Department of Business, Economic Development, and Tourism (DBEDT) to develop a Master Plan for the Hilo International Aerospace and Technology Park.

AERO TECHNOLOGY PARK (PROPOSED)



2017 SESSION CONCLUSION

SENATE PRESIDENT ANNOUNCES NEW COMMITTEE CHAIRS AND LEADERSHIP LINEUP

Honolulu, Hawaii – Senate President Ronald D. Kouchi announced several new committee chairs and an addition to Senate leadership as part of the Senate's recent reorganization.

Senator Donovan Dela Cruz will be the new Ways and Means committee chair with Senator Gil Keith-Agaran serving as the Ways and Means committee vice chair.

The current Senate committee on Judiciary and Labor will be divided into two committees with Senator Brian T. Taniguchi chairing the Judiciary committee and Senator Jill N. Tokuda chairing the Labor committee.

Senator Kaiali'i Kahele is the new Majority Whip.

These new positions are effective at the close of business on May 12, 2017.

MAHALO

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