



Representative Bertrand Kobayashi Community Update



DIAMOND HEAD, KAHALA,
KAIMUKI, KAPAHULU

March 2023

Bad news and good news – big picture and details

Big picture on State revenues:

Bad news: State revenues are expected to decrease by \$1.2 billion between now and the end of the next biennium [June 2025], per State Council on Revenues, March 7, 2023.

Good news: Even with this expected \$1.2 billion decrease, the State's overall finances seem strong.

Big picture on State ethics and transparency reforms:

Bad news: Term limits for State legislators was not approved by the House Judiciary Committee, per recommendation of the 2022 blue-ribbon Commission to Improve Standards of Conduct, which was formed by the State House.

Rep. Kobayashi supports term limits and has introduced such bills in 2022 and 2023.

The Senate, which had no role/involvement in this Commission to Improve Standards, did not consider similar 'reform' bills.

Good news: Of the 31 recommendations from the Commission to Improve Standards, all 31 were brought to public hearing and 30 were approved by the State House.

Among the 30 bills approved by the House were bills on campaign financing, fraud, public records, nepotism, sunshine, false claims, etc. [Contact our office, 586-6310 or repkobayashi@capitol.hawaii.gov for a list of bills which were approved by the House.]

Big picture on tax relief:

Bad news: Elimination of the GET 4.5% tax on food was not proposed by the Governor and not seriously considered by the Legislature. Complete elimination would cost well over \$100 million.

Good news: As an alternative, a proposal to double the existing food excise tax credit was approved, along with increasing the income threshold for eligible taxpayers for this tax credit.

In addition, many tax measures, totaling over \$300 million, were approved, many targeting lower income working people, the so-called ALICE/asset limited income constrained employed people.

Aside from doubling the food excise tax credit were bills for:

- low-income renters credit
- earned income tax credit
- educators tax credit
- increasing the standard deduction to \$5,000 for single and \$10,000 for joint taxpayers
- doubling the personal exemption to \$2,288
- child and dependent care tax credit

State budget for FY2023-2024 and FY2024-25

Among the many budget highlights are two big items:

1. **\$1 billion for statewide deferred maintenance**, not including DOE and UH.
 - A 'ballpark' estimate for statewide deferred maintenance is \$4+ billion.
 - In addition to the \$1 billion, DOE got \$96 million and UH got \$136 million for 4-year campuses and \$50 million for community colleges for renewal, modernization, repair.
2. **DLNR/Department of Land and Natural Resources has over \$530 million** for the biennium in the House budget, including:
 - \$1.5m for the Invasive Species Council
 - \$70 m for boating and ocean resources
 - \$17.7 m for aquatic resources over both years
 - \$118 m for forestry and wildlife over both years
 - \$170 m for state parks for FY 2024

For Diamond Head, the House budget has \$700,000 for trail and parking improvements. Diamond Head continues to be the 'cash cow'/biggest revenue source for State parks with an estimated \$12 m in revenues for the fiscal year ending in June 2023. This increased revenue comes heavily from increasing non-resident entry from \$1 per person to \$5 and from non-resident parking from \$5 to \$10 per vehicle. Prior, Diamond Head generated approximately \$5 million per year.

Other budget highlights are:

- \$500 m for the 'rainy day' emergency fund. This will strengthen Hawaii's bond rating as well as provide the largest ever emergency backup. Note that last year, the Legislature also put \$500 m. into the 'rainy day' fund.
- \$35 m for the Hawaii Tourism Authority/HTA, the lowest in recent years, and far less than the \$75 m requested by HTA. This \$35 m is not final but a starting point for a very hot debate between the House, Senate, and HTA.
- \$3.2 m to restore 65 positions for State libraries employees cut during Covid years.
- \$22.7 m for the University of Hawaii PROMISE program, which provides free tuition to income eligible students at both 4-year and 2-year campuses.
- Homeless programs get:
 - \$15 m for Ohana Zones [small houses] program, which prior Administration resisted.
 - \$3.75 m for Rapid Re-housing.
 - \$3.75 m for the Housing First program.
 - \$1.75 m for homeless outreach and legal services

For our State House district #20, there are:

- \$4 m for Kaimuki High School for campus security including a perimeter fence.
- \$25,000 and \$805,000 for Kaimuki Middle School new wrestling mats and walkway improvements, respectively.
- \$465,000 for Liholiho Elementary School for a covered play court and equipment.
- \$10 m for Kapiolani Community College for Kokio science building renovation