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UPCOUNTRY UPDATE

2009 LEGISLATIVE SESSION

FROM REPRESENTATIVE KYLE YAMASHITA

Aloha,

The 2009 legislative session was the most difficult one that I have faced since taking office. While we covered a wide variety of issues, the most important issue of the session was the economy. On Opening Day, we faced a \$2.1 billion shortfall in the state's budget over the next biennium, fiscal years 2010 and 2011. Our first priority was to balance the budget, as required by law.

Most of the shortfall, 50% of it, was closed by budget cuts and lapses. We were also able to use part of our federal stimulus funds, although this is a one-time infusion. Understandably, people are most anxious about tax increases, so it's important for the community to know that the type of tax increases used to balance the budget will not affect most households in the state.

The Legislature appropriated with all means of financing, over \$3.5 billion for capital improvement projects. This total includes highway, harbor and airport improvements over the biennium and will help create jobs and stimulate the economy.

In balancing the state budget, we were mindful of access to health care, energy self-sufficiency and independence, protecting our natural resources and supporting business and agriculture.

In closing, I want to thank you for your support and understanding that we had to make some tough decisions. I remain committed to working with you to make our community a better place to live. Please keep in touch with me about your concerns.

Kyle T. Yamashita

Long Term Care Solution at Kula Hospital

Kula Hospital, one of three hospitals in Hawaii Healthcare System Corporation's Maui Region, is awaiting the release of a \$5 million CIP appropriation for the planning, design and construction of a new Long Term Care (LTC) facility. This new facility will address an important healthcare need on Maui and provide an opportunity for savings to Maui Memorial Medical Center (MMMC).

The need for more LTC beds is increasing rapidly as our population ages. Currently, MMMC has an average of 50 patients per day who are waitlisted for a long term care bed. The domino effect results when acute care patients are held in the MMMC's Emergency Department.

Should the funds be released immediately, the project timetable is for planning and design to start in August 2009, and construction to begin in May 2010, with an estimated completion by January 2011.

The proposal calls for the current industry standard of a "Green House" concept, which de-institutionalizes nursing home life and provides a warmer environment, where patients can participate in meaningful life activities, thereby eliminating the plague of loneliness, helplessness and boredom.

Adding the LTC facility to Kula Hospital will result in relief for long term care patients and MMMC.

Right: Celebrating the 2009 Opening Day with Maui Firefighters (left to right) Jeff Kihune, Kyle, Elmer Awohi and Elvin Kamoku.

Below: Together with ILWU representatives John Arisumi and Howard Takemoto.





2009 LEGISLATIVE SESSION

In 2009, the legislature was immediately faced with a potential budget shortfall of \$2.1 billion by the end of the biennium, FY2010 and 2011. Finding ways to balance the budget and ways to close the gap became the highest priority. Even though money for projects and programs was extremely limited, we were able to maintain core services and lay the foundation for future projects when we are better able to afford their implementation.

Since the end of the session, the budget shortfall continues to grow, and the legislature will reconvene in January to address further cuts and revenue enhancements. The legislature went into session for one day, on July 15th, to override 34 of the Governor's 53 vetoes.

Budget Solutions

State Budget. The budget for FY '10 and '11 was balanced by a combination of solutions. About 50% of the solution came through over \$800 million in budget cuts; 35% of the solution came from various government sources including non-general funds, penalties, enforcement and carryover balances; 10% came from tax increases; and 5% of the solution came from a one-time infusion of federal stimulus funds. Tough decisions were made on budget cuts, but we also saw it as an opportunity to refocus and streamline government where possible.

The Legislature balanced the budget at the end of the regular session without having to raise the general excise tax, considered the most regressive of taxes, and tried to minimize the impact on the poor and the middle class.

The state budget totals \$5.1 billion in general funds and \$10.8 billion for all means of financing in FY '10, and \$5.2 billion in general funds and \$10.4 billion for all means of financing in FY '11.

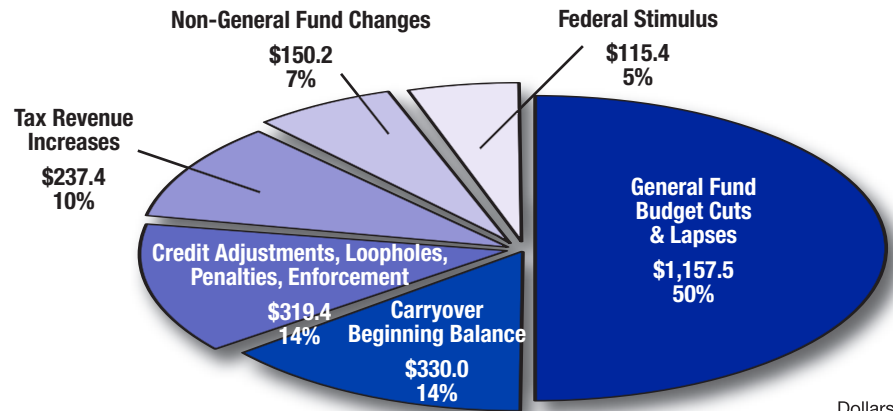
Capital Improvement Projects (CIP) will help to stimulate the local economy and provide jobs. The budget includes over \$864 million in capital improvement projects using general obligation and general obligation reimbursable bonds, \$2.6 billion using other means of financing, and

**\$2.1 Billion
Revenue
Shortfall**

Budget Deficit Solutions

July 1, 2008 through June 30, 2011

**\$2.3 Billion
Deficit
Solutions**



Dollars in Millions

\$3.5 billion using all means of financing, over the biennium. (HB200)

Tax Revenue Generation. A tax increase of any kind is difficult to propose. Any tax increase, no matter how modest, is going to impact a segment of the population. However, we tried to target the increases on a very small percentage of Hawaii taxpayers, including high income earners, those who earn more than \$150,000 filing singly, \$300,000 filing jointly, and \$225,000 filing as head of household (HB1747); raising the hotel room tax from 7.25% to 9.25% (SB1111); those who are selling property over \$2 million, and second homes and investment properties of any price (HB1741); and cigarette and tobacco sellers. (HB1175 and HB895).

Energy Efficiency and Resources

Energy Infrastructure. Even though gas prices and utility bills have come down over the past year, the Legislature remains committed to the policy of energy efficiency and reducing our dependence on fossil fuels. Building upon established programs, new legislation will require: establishment of energy-efficient portfolio standards; implementing those standards in public buildings; electricity-cost disclosure in the sale of residential property; establishment of a "Building Energy Efficiency Revolving Loan Program"; the use of renewable energy by electric utilities; and more assistance

by government agencies in the development and permitting of renewable energy projects. (HB1464)

Energy and food security. This measure was vetoed by the Governor. However, I believe it's critical that the state strengthens Hawaii's independence in energy and food production, which will also keep our dollars circulating within our local economy. The bill proposed a \$1 dollar tax increase on a barrel of oil to fund energy and sustainability initiatives. While the average cost to consumers would have been 2 cents on a gallon of gasoline, we can find ways to save money through reducing our energy usage and finding alternative energy resources. (HB1271)

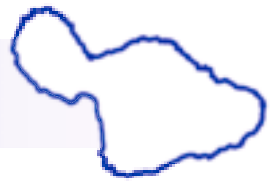
Supporting Business and Agriculture

Safe Food Certification. The Safe Food Certification pilot program will promote locally grown produce and facilitate



Kyle visited with Warren Watanabe of the Maui Farm Bureau during the Agricultural Sustainability Day at the State Capitol.

SESSION HIGHLIGHTS



purchasing agreements between Hawaii's farmers and the visitor and hospitality industry. The program will be established within the Department of Agriculture, based around the development and implementation of safe food certification, and expected to play a major role in Hawaii's sustainability movement. This bill was vetoed by the Governor; the Legislature voted to override the veto. (HB1471)

Hawaii Product Preference. Hawaii products, including fresh farm products, will receive a boost through a bill establishing stronger preference status in government procurement. The bill requires that more than 50% of Hawaii input is needed to qualify as a Hawaii product, gives a 10% reduction in bid price for Hawaii products, and a 15% reduction in price for agricultural products grown and harvested in the state. This is part of a larger public procurement code bill which also covers fair administrative review and protesting of the awarding of contracts. (HB1470)

Improving Our Educational Facilities

Repair and Maintenance. The CIP budget includes \$304.7 million for various public school projects, \$170.5 million of which is dedicated to reducing the repair and maintenance backlog. Within the University of Hawaii system, the legislature appropriated \$203.7 million for university projects, \$143.1 million of which will be used to address repair and maintenance. (HB200)

Providing Health Care

Keiki Care. The Keiki Care pilot program provides basic health insurance for children who are uninsured and do not qualify for other programs. The administration terminated Keiki Care last year, but the legislature saw the need within the community and extended it to 2012. The primary health care services will be provided by federally qualified health centers through an appropriation of \$200,000 per year. This bill was



Our past and present came together, in Chambers, during the 2009 legislative session in recognition of the 50th anniversary of statehood.

vetoed by the Governor; the Legislature voted to override the veto. (HB989)

Hospital Medicaid reimbursements. Access to healthcare is one of the state's most critical problems. The legislature appropriated \$12.3 million in order to qualify for \$12.5 million of federal Medicaid allowance funds. This will help Hawaii hospitals provide care to low income patients statewide. As an indicator of its importance, this was the largest general fund appropriation, and only one of three, outside the state budget bill. This bill was vetoed by the Governor; the Legislature voted to override the veto. (SB423)

Supporting Our Hospitals

Community Hospitals. Our statewide community hospital system is managed by the Hawaii Health Systems Corporation (HHSC), the fourth largest public hospital system in the nation. HHSC faces serious financial shortfalls and management issues, yet they remain essential in providing a safety net for hospital and long-term care services for Hawaii residents. The legislature passed a bill that redesigns the corporate structure, giving the HHSC regions greater flexibility to manage services and handle labor relations. This is expected to improve efficiency and result in cost savings. The bill also authorizes the transition of the system to a new entity outside HHSC under certain conditions. (SB1673)

Economic Planning and Coordination

High Technology Plan. Allows Hawaii to comprehensively plan the development of the high technology sector of the economy by requiring Hawaii EPSCoR, the federally-funded Experimental Program to Stimulate Competitive Research within UH, to develop a Hawaii State Science and Technology Plan with the assistance of the High Technology Development Corporation. (HB610)



In May, the fifth graders of Pukalani Elementary toured the State Capitol and is shown here in the House Chambers with Kyle.



The annual Bizarre Bazaar, a Food Bank fundraiser, is spearheaded by Rep. Yamashita and his staff. We raised over \$3,600 for the Big Island and Maui Food Bank.

Stimulating Our Economy

Many veterans in the Legislature have described this past session as the most difficult they have experienced due to the State's current fiscal deficit and negative projected revenues. The House identified the economy as our number one priority, including balancing the State budget.

The Legislature approved over \$864 million in new construction, repair and maintenance projects. Capital Improvement Projects (CIP) are important to stimulate our economy and to provide construction-related jobs. It is important however, to distinguish that the funds appropriated are not from the State's General Fund.

The amount of money required for major construction is substantial so the State finances them through General Obligation Bonds. This source of funding is similar to the way that we must finance our homes through mortgages as opposed to writing a check. Investing now in projects we need, can not only help current economic growth but also lay the foundation for future growth.



Kyle together with the 2009-2011 Officers and Directors of the Waiohuli Hawaiian Homesteaders Association, Inc.

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DOE Repair and Maintenance for Fiscal Year 2010

KALAMA INTERMEDIATE SCHOOL	\$ 585,000
KING KEKAULIKE HIGH SCHOOL	\$ 536,000
KULA ELEMENTARY SCHOOL	\$ 173,000
MAKAWAO ELEMENTARY SCHOOL	\$ 179,000
PUKALANI ELEMENTARY SCHOOL	\$ 428,000
TOTAL	\$ 1,901,000

12th District Capital Improvement Projects for Fiscal Year 2010-2011

King Kekaulike High School <i>Design for a new auditorium.</i>	\$ 600,000
Makawao Elementary School <i>Plans and design for expansion of the Cafeteria.</i>	\$ 400,000
New Long Term Care (LTC Green House) <i>Construction of a new 30 bed facility at Kula Hospital.</i>	\$ 5,000,000
Upcountry Maui Ground Water Well <i>Plans & design for test well as first phase in the construction of a ground water well.</i>	\$ 150,000
Haleakala Highway Widening at Milepost 0.8 <i>Widening the highway from one lane to two lanes.</i>	\$ 1,905,000
Kula Hospital <i>Wastewater System Upgrade & Grease Trap</i>	\$ 1,200,000

Maui Capital Improvement Projects for Fiscal Year 2010-2011

Maui Memorial Medical Center <i>New Dialysis Unit</i>	\$ 7,200,000
Multipurpose Facility for Value Added Agricultural Products	\$ 2,454,000
Kahului Airport <i>Access Roads</i>	\$ 38,585,000
Kahului Airport <i>Facility Improvements, Sprinkler Replacement Reconstruction of Taxiways, Runways & Apron, Support Program</i>	\$ 63,552,000
Kahului Harbor <i>Land Acquisition & Improvements</i>	\$ 33,000,000
Maalaea Small Boat Harbor	\$ 2,500,000
Honoapiilani Highway <i>Improvements & Shoreline Protection</i>	\$ 21,865,000
Puunene Avenue Widening	\$ 4,000,000
Kahekili Highway <i>Drainage Improvements at Waihee Town</i>	\$ 670,000
Hana Highway Improvements	\$ 4,940,000
Traffic Operational Improvements	\$ 1,900,000
Imi Kala Street Extension, Iao Stream Bridge Improvements	\$ 3,000,000
Maui Economic Opportunity, Inc.	\$ 3,250,000
Maui Community College <i>Mau Science Building</i>	\$ 3,157,000
The Villages of Leialii <i>Water Source Development</i>	\$ 2,500,000
La'a Kea Foundation	\$ 400,000
Ka Lima O Maui, Ltd.	\$ 250,000
Maui Family YMCA	\$ 250,000
Nahiku Community Center	\$ 250,000
Hana Health	\$ 450,000
Maui Arts & Cultural Center	\$ 250,000