

Honolulu, Hawaii

APR 04 2018

RE: H.B. No. 1900
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1900, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

begs leave to report as follows:

The purpose and intent of this measure is to appropriate supplemental funds for the operating and capital improvement costs of the Executive Branch for the fiscal biennium beginning July 1, 2017, and ending June 30, 2019.

Your Committee received testimony in support of this measure from the Department of the Attorney General; the Department of Budget and Finance; the Department of Commerce and Consumer Affairs; the Department of Transportation; the Department of Business, Economic Development, and Tourism; the Department of Labor and Industrial Relations; the Department of Land and Natural Resources; the Department of Education; the Department of Human Services; the Department of Human Resources Development; the Department of Public Safety; the University of Hawaii System; the Hawaii State Public Library System; the Office of Enterprise Technology Services; the Office of Information Practices; Hawaii Housing Finance Development Corporation; the Executive Office on Early Learning; the Early Learning Board; Hawaii Technology Development Corporation; Hawaii Strategic Development Corporation; the Hawaii Green Infrastructure Authority; the Hawaii Center for

Advanced Transportation Technologies; the Kauai County Council; the Maui County Office on Aging; the Kohala Coast Resort Association; the Big Island Invasive Species Committee; Dev League Inc; Waianae Coast Early Childhood Services; Makai Ocean Engineering, Inc.; the Kauai Watershed Alliance; Hawaii Evolutionary Development, LLC; Blue Ocean Mariculture LLC; Bright Light Digital; Residential Youth Services & Empowerment; Nalu Scientific, LLC; the Hawaii Primary Care Association; the GVS Accelerator; Ten Tomorrow; The Nature Conservancy; Catholic Charities Hawai'i; the Hawai'i Association of Watershed Partnerships; Partners in Care; Hawaii Children's Action Network; Pūlama Lāna'i; the Kaua'i Watershed Alliance; the Hawai'i Afterschool Alliance; Marine Genetics; the Coordinating Group on Alien Pest Species; Aquaculture Planning & Advocacy LLC; the Grove Farm Company; Shifted Energy; the Hawaii Aquaculture & Aquaponics Association; the Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; the Paia Town Association; Easterseals Hawaii; Hilo Medical Center; and ninety-three individuals.

Your Committee received testimony in opposition to this measure from the Office of the Lieutenant Governor; the Sustainable Action Fund for the Environment; the Kuau Next Door Community, Neighborhood Group; and seven individuals.

Your Committee received comments on this measure from the Office of the Governor; the Department of Taxation; the Department of Accounting and General Services; the Department of Health; the Department of Defense; the Department of Agriculture; the Department of Hawaiian Home Lands; Hawaii Health Systems Corporation; the Executive Office on Aging; the Hawaii Public Housing Authority; the City and County of Honolulu Office of the Mayor's Office of Housing; the State Foundation on Culture and the Arts; United Public Workers; Family Promise of Hawai'i; the Lyons Estate; Wai'alae Elementary Public Charter School; and two individuals.

PART I. OVERVIEW

The Administration's initial budget submittal to the Legislature added \$21,256,787 in general funds for fiscal year 2018-2019. Since submitting the initial budget to the Legislature in December, the Administration also submitted various Governor's

Messages that adjusted its initial request by adding \$66,402,852 in general funds for fiscal year 2018-2019.

The net change of the appropriations in this measure, as amended by your Committee, (Senate Draft) results in an executive budget for fiscal biennium 2017-2019 as follows:

	Fiscal Year 2017-2018		Fiscal Year 2018-2019	
	All Funds	General Funds	All Funds	General Funds
Executive Budget Act 49, SLH 2017	\$14,110,569,014	\$7,248,455,293	\$14,308,859,860	\$7,421,597,622
Executive Request (Including Governor's Messages #7, #8, #11 and #12)	\$0	\$0	\$122,073,349	\$66,402,852
Net Change of Senate Draft	(\$3,800,000)	(\$3,800,000)	\$55,717,890	\$70,699,004
Total Appropriation	\$14,106,769,014	\$7,244,655,293	\$14,364,577,750	\$7,492,296,626

PART II. GENERAL FUND REVENUES AND ECONOMY

The Council on Revenues increased its general fund tax revenue projection at both its January 2018 and March 2018 meetings.

The projections reflect the Council's consensus that the economy is performing well in fiscal year 2018 and will likely continue to do so into fiscal year 2019, but the economic conditions in subsequent years remain uncertain.

Currently, growing visitor arrivals, a strong national economy, and the tax cuts associated with the federal Tax Cuts and Jobs Act of 2017 are contributing to a stronger economy. However, the Council on Revenues had concerns about the amount of economic and political volatility as well as evidence of stagnant personal income growth, signaling that the economy may be nearing the end of its current expansionary cycle during the seven-year budget window. Further, the Council noted an increased chance of an

economic downturn for fiscal years 2020 to 2024, as reflected in the lower growth numbers for those years.

COUNCIL ON REVENUES - DIFFERENCE IN GENERAL FUND TAX REVENUES BETWEEN FORECASTS ON MARCH 13, 2018 AND JANUARY 8, 2018 (In \$ Millions)				
	FY18	FY19	FY20	FY21
COR 03/13/18	\$6,649.9 5.3%	\$6,949.2 4.5%	\$7,227.1 4.0%	\$7,516.2 4.0%
COR 01/08/18	\$6,599.4 4.5%	\$6,883.2 4.3%	\$7,158.5 4.0%	\$7,444.8 4.0%
Difference	\$50.5	\$66.0	\$68.6	\$71.4

PART III. COMMITTEE'S PRIORITIES

Your Committee has worked diligently to create a responsible financial plan that includes a supplemental budget that continues to fund critical services and programs. Your Committee looked at ways to cut costs, reduce spending, and put forward bills to generate revenue. Together, this financial plan will eliminate negative earnings for the State in fiscal year 2018-2019 and achieve positive earnings in the overall state financial plan by fiscal year 2021-2022 - one year earlier compared to the current state financial plan.

Additionally, per the 2016 State Reserve Policy that recommends having ten percent of the general fund balance on hand, your Committee has invested \$125,000,000 into the Emergency and Budget Reserve Fund to work towards achieving a balance of \$700,000,000.

Your Committee believes it is important to limit the growth of government and reduce duplicative services. Where applicable, government agencies should be working with each other to provide services to Hawaii's residents. With that in mind, and incorporating each department's supplemental budget requests, your Committee reduced vacant positions to maintain the position ceiling identified in Act 49, Session Laws of Hawaii 2017.

Your Committee understands that there are many competing needs that the State must address. Your Committee recognizes the State's role in overseeing and managing a range of services for

our kupuna; addressing the issues surrounding **homelessness**; investing in the development of **affordable housing**; funding **early childhood education, early college** programs, and the **Hawaii Promise** program; and making preparations to scale up our **farm-to-school** program statewide.

PART IV. OPERATING BUDGET

Accounting and General Services

The Senate Draft of the executive budget adjusts the Department of Accounting and General Services' appropriation for fiscal year 2018-2019 by adding \$5,524,601 in general funds and reducing \$22,175,198 in non-general funds.

The Administration's request adds \$114,242 in general funds and reduces \$21,735,000 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including payroll. The Department has completed integration testing and is currently deploying the new statewide payroll and time and attendance systems. In order to provide essential support for the Department's most basic functions, your Committee approves \$284,190 in general funds for full-year funding of personnel to fully implement the centralized system that accurately accounts for employee attendance and remuneration.

Your Committee acknowledges and supports statewide compliance efforts by the State Procurement Office. Therefore, your Committee approves \$118,872 in general funds for salary parity and compensation for increased duties. Similarly, your Committee supports the efforts of the Office of Information Practices and approves \$115,000 in general funds for salary parity.

Your Committee also provides other necessary personnel and needs for the Department, including three positions and \$280,000 in general funds to the Rapid Transit Authority for construction management audit services, ensuring fiscal and legal compliance.

Agriculture

The Senate Draft of the executive budget adjusts the Department of Agriculture's appropriation for fiscal year 2018-2019 by adding \$10,144,376 in general funds and \$725,900 in non-general funds.

The Administration's request adds \$882,592 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including farming. Two funds that perpetuate Hawaii's small farmers, the agricultural loan revolving fund and the water infrastructure special fund, will receive additional funding.

In addition, your Committee has worked diligently to identify ways to support local farmers and increase Hawaii's food production. Your Committee provides \$368,000 for performance testing crop trials on some of Hawaii's most highly imported food crops and \$350,000 for a local papaya study to identify factors that affect the quality of local papaya and establish protocols to enhance the marketability of local papaya.

Your Committee also recognizes the Department's responsibility to care for the environment by protecting native lands and species. Your Committee provides \$1,000,000 for invasive and hazardous plant mitigation and establishing a pilot project for environmental protection pesticide drift buffer zones.

Your Committee also provides two new positions and funding for the Farm-To-State program, aiming to leverage local farmers to provide healthy meals for Hawaii's schools and other state facilities. Your Committee notes that the Department of Agriculture can expand its support for the Aina Pono program to enhance the identification of local farmers for which the State can be a consistent customer.

Attorney General

The Senate Draft of the executive budget adjusts the Department of Attorney General's appropriation for fiscal year

2018-2019 by adding \$1,262,453 in general funds and \$170,973 in non-general funds.

The Administration's request adds \$4,086,371 in general funds and \$36,500 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including legal action. The Department's litigation fund received an appropriation of \$5,000,000 in fiscal year 2017-2018, of which \$1,200,000 has been encumbered. Therefore, your Committee approves a \$3,800,000 reduction of moneys in this fund for fiscal year 2017-2018, while adding \$600,000 for fiscal year 2018-2019 in the base budget.

Your Committee approves the transfer of the Office of Child Support Hearings' positions and funds from the Child Support Enforcement Agency (CSEA) to the Legal Services Division. The transfer is necessary because the Office of Child Support Hearings is in an inherently adversarial position to the CSEA as some of the Office's decisions in child support disputes can contravene the efforts of the CSEA.

Your Committee also provides a seed amount of \$300,000 for Law Enforcement Security Operations, to prepare for unforeseen or large events that require additional security personnel.

Business, Economic Development, and Tourism

The Senate Draft of the executive budget adjusts the Department of Business, Economic Development, and Tourism's appropriation for fiscal year 2018-2019 by adding \$7,265,790 in general funds and reducing \$97,554,745 in non-general funds.

The Administration's request adds \$5,536,362 in general funds and reduces \$1,799,953 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in promoting the growth and diversification of Hawaii's aerospace industry. Therefore, your Committee provides \$300,000 in general funds to the Office of Aerospace Development to restore funding for the

unmanned aerial systems program and for the Pacific International Space Center for Explorations Systems.

Your Committee also provides \$400,000 in general funds for regional economic development plans for each county to help identify jobs in urban and rural areas based on development or industries within each county and encourages the Department to work with others to develop K-12 career pathways for each school that emphasizes the skills necessary to meet the State's specific industry needs.

Your Committee acknowledges the need to further leverage limited governmental resources through public-private partnerships. These partnerships will help state and local government in undertaking certain capital improvement projects in a more cost-effective and efficient manner by allowing more innovative project delivery methods. Your Committee provides five positions and \$400,000 in general funds to promote public-private partnerships.

Budget and Finance

The Senate Draft of the executive budget adjusts the Department of Budget and Finance's appropriation for fiscal year 2018-2019 by reducing \$81,329,447 in general funds and adding \$2,064,160 in non-general funds.

The Administration's request reduces \$81,262,363 in general funds and adds \$1,761,642 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in administering the retirement and survivor benefits program for state and county employees. To help manage the retirement system's resources, your Committee approves one position and \$2,064,160 in other funds for an internal audit, computer and office automation, and for compliance.

Due to recently revised actuarial projections, your Committee approves reductions in contributions to debt service, retirement benefits, and health premium payments, saving \$81,329,447 in general funds.

Commerce and Consumer Affairs

The Senate Draft of the executive budget adjusts the Department of Commerce and Consumer Affairs' appropriation for fiscal year 2018-2019 by adding \$9,478,840 in non-general funds.

The Administration's request adds \$1,360,396 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in maintaining and disbursing the Time Warner reserve account. In order to provide essential infrastructure and support for the State's Institutional Network, your Committee approves \$8,200,000 in non-general funds to be distributed among the Department of Education, the University of Hawaii, and the Office of Enterprise Technology Services.

Your Committee also provides two positions and \$1,210,906 in non-general funds to support a market regulation program for research, analysis, and enforcement. This federal grant will allow the Department to increase expert working knowledge and enforce consumer protection in the health insurance marketplace.

Your Committee acknowledges the need for a Deputy Securities Commissioner to assist with day-to-day operations. Therefore, your Committee approves one position and \$85,029 in non-general funds for the Business Registration and Securities Division.

Defense

The Senate Draft of the executive budget adjusts the Department of Defense's appropriation for fiscal year 2018-2019, by adding \$1,820,475 in general funds and reducing \$28,248,482 in non-general funds.

The Administration's request adds \$1,890,583 in general funds and reduces \$27,685,513 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the importance of honoring and supporting Hawaii's military veterans. Your Committee has provided \$200,000 in general funds to the Hawaii State Veterans

Cemetery for repairs and maintenance that will improve visitor logistics and safety.

Your Committee supports the Department's efforts to strengthen statewide security and provides two positions and \$135,000 in general funds for the Hawaii State Fusion Center, which provides a nexus of collaborative information from national and in-state agencies, enhancing the ability of local officials to better protect their communities.

Your Committee is also committed to disaster-preparedness and emergency response and approves \$238,000 in general funds for repairs and maintenance of the State Emergency Operation Center facilities. Your Committee also provides \$150,000 in general funds to the Hawaii Emergency Management Agency for critical information technology infrastructure that will improve technical capacity to disseminate information and decrease errors.

Education

The Senate Draft of the executive budget adjusts the Department of Education's appropriation for fiscal year 2018-2019 by adding \$32,556,148 in general funds and \$150,000 in non-general funds.

The Administration's request adds \$27,196,978 in general funds for fiscal year 2018-2019.

Regular Education

Your Committee acknowledges the success of investing in our keiki through initiatives such as the Hawaii Keiki and Early College programs and commits \$2,800,000 and \$1,000,000, respectively, in general funds for the continued funding of these programs.

Your Committee recognizes the difficulties of teaching without adequate materials or equipment and allocates \$3,133,234 in general funds for equipment for new school facilities and \$3,106,500 in general funds for instructional materials and equipment for special education classroom teachers statewide.

Juvenile delinquency and juvenile arrests are often a result of the inability to keep students engaged during and after school. To combat this problem, your Committee authorizes one position and appropriates \$2,084,000 in general funds for two existing alternative learning centers and a third new alternative learning center in the Nanakuli-Waianae complex. Your Committee also appropriates \$1,600,814 in general funds for after-school programs for intermediate and middle school students.

Your Committee recognizes that travel for interscholastic athletic competitions can be cost prohibitive for some students. Therefore, your Committee approves \$850,000 in general funds and \$150,000 in private funds for athletic travel statewide.

Libraries

Your Committee recognizes the importance of having safe spaces in our communities to encourage learning and development. To help with this effort, your Committee approves \$500,000 in general funds to raise the base budget for repair and maintenance to \$1,000,000.

Your Committee is also aware of a decline in libraries' revenue and an increase in prices for books and materials as a result of the rising demand for electronic books. Therefore, your Committee approves \$500,000 in general funds to raise the base budget for books and materials to \$750,000.

With the opening of the new Nanakuli Public Library, your Committee approves an additional 3.5 positions and \$103,656 in general funds. As a result, the new state-of-the-art library, scheduled to open shortly, will be fully staffed, able to open six days a week, and provide special services, including business development and cultural programming.

Charter Schools

Your Committee is committed to supporting Hawaii's public charter schools and provides \$1,317,937 in general funds based on the per-pupil allocation for charter schools.

Your Committee recognizes the importance of attracting and retaining qualified teachers in our charter schools and provides

\$667,050 in general funds for the Hard-to-Staff incentive and \$142,000 for the National Board Certified Teachers incentive. This will help charter schools provide a competitive salary for teachers.

Early Learning

Your Committee recognizes the efforts of the Executive Office on Early Learning and the Early Learning Board and supports the development of pre-kindergarten programs. Therefore, your Committee approves \$68,000 in general funds for operating expenses including travel and computer equipment.

Governor

The Senate Draft of the executive budget adjusts the Office of the Governor's appropriation for fiscal year 2018-2019 by adding \$20,000 in general funds.

The Administration's request adds \$892,285 in general funds in fiscal year 2018-2019.

Your Committee recognizes the importance of the Governor's role as an ambassador of Hawaii and provides \$20,000 in general funds to host a meeting of the Western Governors' Association in the State of Hawaii.

Health

The Senate Draft of the executive budget adjusts the Department of Health's appropriation for fiscal year 2018-2019 by adding \$38,700,931 in general funds and reducing \$3,297,838 in non-general funds.

The Administration's request adds \$57,131,622 in general funds and reduces \$3,206,657 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in overseeing and managing a range of services for the State, including Kupuna Care. Noting the rapidly aging population, your Committee provides \$3,800,000 for the Kupuna Care program and \$4,000,000 for the Kupuna Caregiver Fund. Additionally, your Committee provides

\$1,700,000 for aging and disability resource centers on all islands.

Your Committee also recognizes the need to support emergency medical services and those employees who provide first response in emergency situations. Your Committee provides \$3,600,000 towards ambulance services and an additional \$3,000,000 to fund two new ambulances.

Your Committee also provides \$1,000,000 for chronic homeless and substance abuse treatment to combat Hawaii's homelessness issues.

Hawaii Health Systems Corporation

Your Committee recognizes the Hawaii Health Systems Corporation's role in overseeing and managing many of Hawaii's hospitals and provides \$11,200,000 for an operating subsidy.

Further, your Committee provides Hilo Medical Center with \$1,500,000 for a Cardiac Unit and Hawaii Health Systems Corporation with \$5,000,000 to cover unfunded collective bargaining raises from fiscal year 2016-2017.

Human Resources Development

The Senate Draft of the executive budget adjusts the Department of Human Resources Development's appropriation for fiscal year 2018-2019 by adding \$231,080 in general funds.

The Administration's request adds \$101,080 in general funds for fiscal year 2018-2019.

Your Committee recognizes the importance of providing training and development opportunities for state employees and provides \$101,080 in general funds for the Learning Management System.

Your Committee adds one position and \$130,000 in general funds for the State's Chief Negotiator.

Human Services

The Senate Draft of the executive budget adjusts the Department of Human Services' appropriation for fiscal year 2018-2019 by adding \$26,242,775 in general funds and \$14,106,554 in non-general funds.

The Administration's request adds \$32,254,104 in general funds and \$15,710,261 in non-general funds in fiscal year 2018-2019.

Your Committee affirms the Ohana Nui framework to whole-person health and provides \$4,410,000 in general funds and \$6,615,000 in non-general funds for the full restoration of the Medicaid adult dental benefit. Your Committee also provides \$240,000 in general funds for various targeted juvenile justice programs statewide.

Homeless Initiatives

Your Committee recognizes the Department's role in addressing homelessness statewide. To provide services through the Housing First program, Rapid Re-Housing program, Family Assessment Center, and Coordinated Statewide Homeless Initiative, your Committee approves \$7,680,000 in general funds in addition to \$1,000,000 in non-general funds. Additionally, your Committee approves \$5,750,000 in general funds for homeless outreach, civil legal services, stored property and debris removal services, and "Ohana Zones" pilot project implementation.

Hawaii Public Housing Authority

Your Committee finds the State Rent Supplement Program is in need of supplemental funding and therefore adds \$1,500,000 in general funds for housing payments for low-income recipients.

Labor and Industrial Relations

The Senate Draft of the executive budget adjusts the Department of Labor and Industrial Relations' appropriation for fiscal year 2018-2019 by reducing \$161,658 in general funds and \$3,437,545 in non-general funds.

The Administration's request adds \$47,903 in general funds and reduces \$3,437,545 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the importance of the Hawaii Labor Relations Board and adds two positions and \$145,000 in general funds for necessary personnel and capacity to handle the growing caseload across the State.

Your Committee also acknowledges the need for operational support for the Office of Community Services and approves \$47,903 in general funds for administrative and legal needs.

Land and Natural Resources

The Senate Draft of the executive budget adjusts the Department of Land and Natural Resources' appropriation for fiscal year 2018-2019 by adding \$2,484,910 in general funds and \$18,718,259 in non-general funds.

The Administration's request adds \$2,201,775 in general funds and \$8,906,222 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in operating and maintaining state parks, trails, and beaches, and approves ten positions and \$1,658,820 in non-general funds for improvements and continued administration as well as \$4,308,554 in non-general funds for lifeguard services and park management. Your Committee also acknowledges the need for marine resources monitoring and ocean safety and therefore provides \$2,600,000 in non-general funds.

Your Committee also provides nine positions and \$4,423,706 in special funds for invasive species removal and the implementation of the Hawaii Interagency Biosecurity Plan in addition to \$500,000 in non-general funds for the Native Ecosystem Protection program and three positions, and \$73,422 in general funds for ecosystem protection and restoration.

Your Committee acknowledges the need for an enforcement academy and computer-aided dispatch center and therefore approves five positions and \$553,938 in general funds for the Division of Conservation and Resources Enforcement.

Finally, your Committee approves necessary personnel and capacity for the State Historic Preservation Division, including seven positions and \$756,046 in general funds and \$300,000 in non-general funds for staffing and operational needs.

Lieutenant Governor

The Senate Draft of the executive budget adjusts the Office of the Lieutenant Governor's appropriation for fiscal year 2018-2019 by reducing \$73,880 in general funds.

The Administration made no requests in general funds for fiscal year 2018-2019.

Your Committee recognizes that the previous Lieutenant Governor had special arrangements for travel to his home island of Maui that required additional personnel. With his resignation, your Committee reduces one position and \$73,880 in general funds.

Department of Public Safety

The Senate Draft of the executive budget adjusts the Department of Public Safety's appropriation for fiscal year 2018-2019 by adding \$14,235,021 in general funds.

The Administration's request adds \$8,501,084 in general funds and reduces \$6,589,465 in non-general funds in fiscal year 2018-2019.

Halawa Correctional Facility continues to undergo renovations, and unforeseen delays in construction and repairs require continued housing of inmates in non-state facilities. Consequently, your Committee provides \$6,841,997 in general funds for fiscal year 2017-2018 and fiscal year 2018-2019.

Your Committee also recognizes the liability of inmate health care and has approved \$1,944,923 in general funds for Medicaid payments and \$745,527 in general funds for pharmacy costs.

With increased attention on homelessness, efforts to clean up and remove illegal homeless camping operations have also risen. Your Committee approves eight deputy sheriff positions and \$419,302 in general funds to support those efforts.

Taxation

The Senate Draft of the executive budget adjusts the Department of Taxation's appropriation for fiscal year 2018-2019 by adding \$877,098 in general funds and \$1,841,878 in non-general funds.

The Administration's request adds \$1,010,826 in general funds and \$283,368 in non-general funds in fiscal year 2018-2019.

Your Committee recognizes the Department's role in promoting and maintaining a tax system based on self-assessment and voluntary compliance to reduce the amount of outstanding taxes owed to the State. The Special Enforcement Section, which focuses on compliance, has consistently exceeded all revenue expectations and has the ability to further increase collection. Therefore, your Committee increases the Section's special fund ceiling to \$2,000,000 in non-general funds, allowing for six new positions and \$541,000 for the Section.

Your Committee also acknowledges that the Tax System Modernization project has demonstrated the potential to help taxpayers and the Department by speeding up processing times, ensuring greater accuracy, and securing taxpayer information. Therefore, in continuing to support the project, your Committee approves a transfer of six positions and \$900,000 in general funds from the Office of Enterprise Technology Services for the Tax System Modernization project.

Transportation

The Senate Draft of the executive budget adjusts the Department of Transportation's appropriation for fiscal year 2018-2019 by adding \$5,750,000 in general funds and \$89,588,983 in non-general funds.

The Administration's request adds \$91,183,649 in non-general funds in fiscal year 2018-2019.

Airports

Your Committee approves \$39,000,000 in special funds for the operating expenses of the consolidated rental car facilities at the Daniel K. Inouye International Airport and the Kahului Airport, and for the purchase of shuttle buses for the consolidated rental car facility at the Daniel K. Inouye International Airport.

Your Committee supports the Airports Division's commitment to the Hawaii Clean Energy Initiative and approves \$10,994,788 in special funds for the purchase of clean energy vehicles for the Wiki Wiki Shuttle service at the Daniel K. Inouye International Airport.

Harbors

Your Committee supports the Harbors Modernization Project and approves \$4,159,351 in special funds for back rents owed to the Airports Division to gain land management rights for the Kapalama Container Terminal, which broke ground earlier this year.

Highways

Your Committee recognizes the importance of the state highway system and allocates \$5,500,000 in general funds for special maintenance of the highway system. For highway safety, your Committee approves \$5,000,000 in federal funds for the Motor Vehicle Safety Office.

Administration

Your Committee is aware of our aging population and the need for a transit plan for seniors and individuals with disabilities, and therefore approves \$302,925 in special funds and \$200,000 in federal funds for the update of the Statewide Coordinated Public Transit Human Services Plan.

Your Committee recognizes the need for a statewide transportation plan and allocates \$400,000 in special funds for the update of the Hawaii Statewide Transportation Master Plan.

University of Hawaii

The Senate Draft of the executive budget adjusts the University of Hawaii's appropriation for fiscal year 2018-2019 by adding \$4,898,331 in general funds and \$3,650,410 in non-general funds.

The Administration's request adds \$6,700,000 in general funds in fiscal year 2018-2019.

In line with the priorities outlined by the Senate President at the beginning of the 2018 Regular Session, your Committee approves \$700,000 in general funds for the Hawaii Promise program to provide scholarships for college students with financial needs and to encourage more students to attend college.

Your Committee also provides other necessary personnel and capacity needs for the University of Hawaii, including ten positions and \$1,250,000 in general funds for online learning to strengthen and expand access to education statewide.

Your Committee acknowledges critical repair and maintenance and health and safety needs for the University of Hawaii at all campuses. In an effort to eliminate the University's deferred maintenance backlog, modernize facilities, and ensure campus environments are safe, sustainable, and supportive of modern practices in teaching, learning, and research, your Committee approves seven positions and \$1,500,000 in general funds to the University of Hawaii.

PART V. CAPITAL IMPROVEMENTS PROGRAM BUDGET

Your Committee finds an opportunity to invest in the State's infrastructure while remaining fiscally prudent.

The Administration's proposed capital improvement program budget totaled:

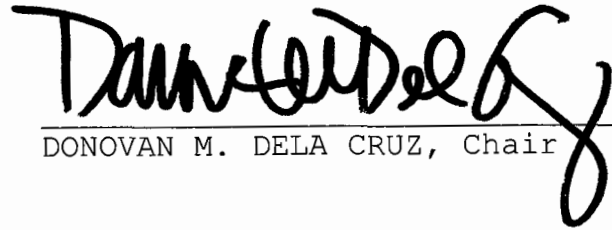
	<u>FY 2018</u>	<u>FY 2019</u>
General Obligation Bonds	\$1,027,951,000	\$669,493,000
All Means of Financing	\$2,289,745,000	\$2,192,535,000

Your Committee amends this budget to provide the following in capital improvement funds to focus on critical and significant capital projects:

	<u>FY 2018</u>	<u>FY 2019</u>
General Obligation Bonds	\$1,010,951,000	\$674,855,000
All Means of Financing	\$2,272,745,000	\$2,039,406,000


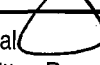
As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1900, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair

The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1900 HDI	Committee Referral: WAM	Date: 3/29/18
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
DELA CRUZ, Donovan M. (C)	X	
KEITH-AGARAN, Gilbert S.C. (VC)	X	
ENGLISH, J. Kalani	X	
GALUTERIA, Brickwood	X	
HARIMOTO, Breene		X
INOUYE, Lorraine R.	X	
KAHELE, Kaiali'i	X	
KIDANI, Michelle N.	X	
RIVIERE, Gil	X	
SHIMABUKURO, Maile S.L.	X	
WAKAI, Glenn	X	
TOTAL	10	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 		
Distribution: Original  Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy		

*Only one measure per Record of Votes