

2024 State of the State Address

“Coming Together to Heal”

Jaime, LG, Speaker, Senate President, colleagues, dignitaries, devoted cabinet members and team, state-wide leaders, and all the people of Hawai‘i — ALOHA.

Our state suffered a tragic and devastating loss when fires swept through Lahaina and other areas of Maui.

I’d like to take a moment to honor the memory of those we lost that day — August 8th, 2023.

Please join me in a moment of silence to honor them.

I want to express a heartfelt mahalo to everyone who has helped and supported the survivors of this tragedy and their families over the last five and a half months — people have been so brave in the face of tough times.

I also want to say I respect those who have pressed us to do more to help those in need.

It has been an extraordinary and humbling experience to serve as your governor over the past year, and Jaime and I are deeply grateful for your support and encouragement.

Today I am here to report that — although we have faced great challenges and suffered even greater loss over the past year — we have come together as one ‘ohana to recover and to heal.

I am here to report that the state of Hawai‘i is strong.

RESPONSE TO THE MAUI FIRES

We lost one hundred of our loved ones in the fire — and the lives of thousands more were changed forever.

Hurricane-force winds fanned fires on the islands of Maui and Hawai‘i causing the worst natural disaster in our state’s history.

Words cannot adequately describe the devastation caused by the fires that scorched thousands of acres and destroyed nearly all of Lahaina.

I want to recognize Maui Mayor Bissen, who's strength in the face of this disaster has been most admirable.

Two of the brave Maui firefighters are here with us today — Keahi Ho and Koa Bonnell.

Please stand so we can recognize you, and all of your fellow fire-fighters who put yourselves in harm's way to save others.

Chief of Police Pelletier — who alongside the firefighters and first responders, led his police force into the disaster area to help rescue people.

Few people, other than the survivors from Lahaina, can fully understand what it was like that day on the ground for police and firefighters — we are honored to know you.

These men and women knew what they were facing when they went into the fire — many knew their own homes would be lost, and some didn't know if their family was safe, but they went in anyway.

What they did that day was truly heroic.

Communities across our state quickly joined together to support the thousands of displaced survivors.

Archie Kalepa and his 'ohana were among the very first to mobilize community members on Maui — Archie, you are one of our heroes.

And Chad Buck and your 'ohana — I have never witnessed such generosity and kindness before in my life.

Let's recognize Archie and Chad — you two are amazing.

To the hotel community, including Jeff Wagoner, Jerry Gibson, and my friend Mufi Hanneman — thank you for stepping up when our community needed you the most.

State agencies, including HI-EMA, and the Departments of Education, Health, and Human Services, immediately began working with Maui County, FEMA and the Red Cross to provide meals, temporary housing, and new schools, as well as support services for disaster relief, financial recovery, medical, and mental healthcare.

Concerned citizens and organizations such as the Hawai'i Community Foundation, the Red Cross, CNHA, and so many others mobilized donation drives — and tens of millions of dollars poured into the relief efforts from all over the world.

Working with these partners in the two weeks after August 8th, we relocated over 8,000 displaced people into hotel rooms and condos across Maui.

We have already disbursed hundreds of millions of dollars of housing assistance to those who were affected, and this is just the beginning of the effort — disasters as severe as this one can take years to recover from.

I am especially grateful to local leaders like Micah Kāne and Kūhiō Lewis, who have been working hand in hand with our teams to help with Maui's recovery — they have been truly inspiring.

To date, FEMA has registered over 17,000 survivors for services and will provide them with 18-24 months of rental assistance — well into 2025.

The American Red Cross is currently still helping to house more than 2,300 families — more than 5,000 individuals — in more than 30 hotels across Maui.

As governor, I authorized an additional \$100 million from a Temporary Assistance for Needy Families fund, or TANF, to match what others donate — effectively doubling the power of public contributions to help affected families pay for housing, transportation, food, clothing, and other needs.

We also provided relief to local businesses in the form of emergency grants distributed by the Maui Economic Opportunity team, aimed at preventing bankruptcies.

Working with House and Senate leaders — in partnership with Maui County — we made \$12.5 million available in the form of grants of up to \$20,000 each to help local businesses survive and recover.

The road to recovery will be long, and healing will take time, courage, and commitment — but we will get there as we come together as one 'ohana to help and support the Maui community.

RECOVERY EFFORTS ON MAUI

We have set aside up to \$600 million in the budget for recovery costs that will continue into 2027.

I've worked with President Biden and his administration directly to ensure that federal funds will pay for 100 percent of debris removal and emergency protective measures in the disaster areas, for 6 and 12 months respectively — support which will save Hawai'i hundreds of millions of dollars as we recover.

In November, we brought a coalition together to create the Maui Recovery Fund, which will rapidly provide funds to families who have lost loved ones, or who have suffered serious injuries in the fires.

Participation in the fund will be completely voluntary, with the goal of getting as much money as possible to affected families, as quickly as possible.

We have already secured \$175 million for the fund from our initial partners — including the state, Maui County, Kamehameha Schools, Hawaiian Electric, Charter Communications, and Hawaiian TelCom.

With pro bono services provided by First Hawaiian Bank and other community-minded professionals, we expect to have the fund up and running by March 1st to offer support to families in Maui who have lost so much.

MAUI INTERIM HOUSING PLAN

Earlier this month, we announced the Maui Interim Housing Plan — a \$500 million initiative to create a pool of more than 3,000 housing units for at least 18 months to house those displaced by the fires.

This collaborative effort brings together the State of Hawai'i, the County of Maui, the Hawai'i Community Foundation, CNHA, FEMA, and the Red Cross, with the goal of moving all displaced families from short-term hotels into long-term housing by July 1st — with most households moving in by March 1st.

I want to make a personal appeal — right now — to every owner of a short-term rental property on Maui.

Please join us today in our mission to house the Lahaina families who have been displaced by the disaster — they are part of our 'ohana, and right now we need your help to care for them.

There are 27,000 short-term rental units on Maui alone, and — if we can dedicate just 10 percent of these homes to displaced Lahaina families — we can house them all.

We will cover the fair market value of each rental for two years, and also provide a property tax exemption for 18 months to those who participate.

This is the right thing to do — and I urge you to join us.

If not enough partners step forward to join us as we approach March 1st, I will be forced to declare a moratorium on all short-term rentals in West Maui, until we find enough housing for the displaced families.

Please email mauihousing2024@fema.dhs.gov to join us in this effort.

In addition to \$250 million for hotels and rental assistance to individuals, FEMA is currently in the process of leasing 1,500 units to house survivors, and is planning and

designing, two housing sites on Maui to house up to 500 additional families — totaling an additional \$450 million.

FEMA's leaders, especially Deann Criswell and Bob Fenton have been great working partners.

Bob, please stand and be recognized.

In the coming weeks, the first shipment of modular transitional homes will begin to arrive in Maui as part of our Department of Human Services housing initiative — which will add an additional 480 temporary homes, to help provide our people with a sense of stability and security as we implement further long-term housing plans.

As we move forward, we will continue to remove the debris in West Maui safely and respectfully, and the plan is to listen to the people of Lahaina and rebuild the way they want to rebuild.

AFFORDABLE HOUSING

Even before the fires on Maui, our state faced an urgent shortage of affordable housing.

Housing costs in Hawai'i are among the most expensive in the nation.

Our state is such a desirable destination, and such a profitable investment for many, that people from around the world have purchased property to hold as investments or rent as short-term rentals to visitors — **making on average four times what they would if the property was simply rented to a local family.**

Right now, 52 percent of all short-term rentals in Hawai'i are owned by non-state residents, and 27 percent of short-term rental owners own 20 or more units.

Our housing crisis affects not only low-income families who may qualify for subsidized public housing, but also middle-class residents who earn too much to qualify for help, but too little to afford to buy or rent in the current housing market.

Local families are being squeezed out of the housing market as 30-year mortgage rates hover around 7 percent — and median home prices remain way too high for many.

The process of building homes has become so complicated and costly in Hawai'i over the last three decades — fraught with unnecessary bureaucracy, impossible permitting processes, and prohibitive zoning rules — that we needed immediate action.

I signed the Emergency Proclamation Relating to Housing on July 17th last year, which formed a committee of the state's leading housing experts — and empowered them to cut through red tape to approve new housing projects more quickly and easily.

We immediately approved 10,800 new units of low-income housing for struggling families — and now we have turned our attention to approve affordable housing projects in urban Honolulu and along the growing rail.

In October, I listened to environmental leaders, and issued an updated Proclamation Relating to Affordable Housing — allowing us to build more affordable housing while protecting our precious natural and cultural resources, and preserving the unique character of Hawai'i.

Since then, we have begun to reform the housing bureaucracy — and have approved or accelerated multiple new projects that will bring thousands of homes to teachers, nurses, firefighters, and working families across our state in the coming years.

Our supplemental budget for fiscal year 2025 alone places a huge emphasis on infrastructure and housing, with requests totaling \$373 million — **this remains our administration's top statewide priority.**

But building alone won't solve our housing crisis — we need to find new ways to make buying or renting a home more affordable in Hawai'i.

We have to take further action to return thousands of short-term rentals to the local housing market.

A challenge of this magnitude requires multiple solutions — there is no silver bullet.

Greater enforcement of laws regulating the short-term rental market, tighter restrictions and tax changes, emergency measures — all of these can and should be brought to bear to bring sanity to the local long-term housing market for the residents of our state.

Today, I am calling on my colleagues in the Legislature to help us by implementing new policies and reforms that will return housing units to the long-term rental market.

This will increase supply and bring down prices in a local market artificially and unfairly inflated by the global demand from visitors to our state.

I will sign into law any bill the Legislature sends me that will help move short-term rentals and vacant investment properties owned by non-residents into our local housing market — to increase supply and bring down prices for our families.

My team has crafted a landmark piece of legislation that will provide tax amnesty to any owner of a short-term rental who chooses to sell it to help us with our housing crisis.

A sale of this kind — to an ‘owner-occupier’ local family, or to someone who turns the home into a long-term rental for a local family — will be exempted from capital gains tax, conveyance tax, and general excise tax.

This “House Hawai‘i’s ‘Ohana” plan would start this fall and last 24 months.

During this tax amnesty period, I’ll personally encourage short-term rental owners from around the world to sell their properties back to Hawai‘i families.

COST OF LIVING

Families in our state struggle to make ends meet.

Despite working multiple jobs — more are living paycheck to paycheck than before the pandemic.

44 percent of all families in our state are ALICE families barely getting by — and 63 percent of all Hawaiian families fall into this category.

This has to change.

The cost of living in Hawai‘i is simply too high — especially the cost of buying or renting a home.

There are still too many local families who are moving to the mainland seeking more affordable housing, and a lower cost of living.

We must find additional ways to reduce the cost of housing, food, and healthcare, and make Hawai‘i more affordable for our people.

In last year’s legislative session, we introduced and passed phase one of the Green Affordability Plan — which in the first year alone provided \$104 million in direct income tax relief to Hawai‘i’s ALICE families.

This Phase One tax relief package supported working families by doubling Hawai‘i’s earned income tax credit and our food tax credit.

In the next phase of our plan, we will provide more tax relief — including a child and dependent tax credit totaling more than \$87 million annually — so that working families with keiki can afford to live in Hawai‘i and our next generation can have a future here.

We will also index the state’s tax code to provide all taxpayers relief from inflation — a long overdue change which will help people in every tax bracket.

It is critically important that in this legislative session, we move forward with this next phase of the Green Affordability Plan to further relieve the tax burden on Hawai'i's families.

TOURISM AND THE ECONOMY

The rapid return of visitors to our islands along with the influx of federal funds helped Hawai'i's economy surge after the initial impact of the COVID pandemic.

Hawai'i's unemployment rate — which spiked to 22.6 percent at the beginning of COVID — has decreased and stabilized at 2.9 percent as of October last year, the lowest rate since the pandemic.

With the closure of West Maui to tourism after August 8th, I was very concerned that the aftermath of the fires would devastate Maui County's economy — as well as impact the economic health of the entire state.

Thousands of jobs and small businesses were at stake on Maui.

It was an incredibly difficult decision to allow hotels to re-open while many who had been impacted by the wildfires still lacked permanent housing.

Some were concerned that the reopening was too soon, while many others believed that moving toward recovery was necessary.

Most people felt the absolute need to get back to work so their families could survive.

All I can tell you is that I care deeply about every family in Hawai'i, I listen to your concerns, and I am sensitive to your fears — but sometimes a governor needs to make really tough decisions that are truly necessary for the health of our entire state.

In conjunction with the County of Maui, we began a phased reopening of West Maui on October 8th.

Currently, historic Lahaina town and the surrounding affected areas remain closed out of respect for the residents and due to the continuing relief efforts, but the rest of Maui is open.

As a result of this decision, just two weeks ago the Council on Revenues readjusted our economic projection up from 1.3 percent growth to 4 percent growth.

This adds almost \$500 million of revenue to our state so that we can take on the greatest challenges that arise, including most importantly housing survivors on Maui.

Last year, I made 22 budget cuts through line-item vetoes — saving us over \$1 billion across the next two fiscal years — and we were able to balance the budget and preserve our entire \$1.5 billion Rainy Day Fund.

These surgical cuts — plus the positive projections for our economy — will allow us to invest more in critical issues like access to healthcare, affordable housing, and homelessness.

HOMELESSNESS

Just over a year ago, we faced the second-highest per capita homeless rate in the country.

A 2023 census of our homeless community found that 6,223 people were without a home.

The state's rate of homelessness of 43 per 10,000 people is more than double the national rate of 18 per 10,000.

Many in our homeless community struggle with mental illness and addiction — and face an average life expectancy of just 53 years.

We took immediate action to reduce homelessness with real solutions — and have made it our goal to reduce homelessness in our state by 50 percent within four years.

On January 23rd last year, I signed an Emergency Proclamation on Homelessness to cut through the red tape preventing much-needed action — allowing us to begin the construction of up to 20 kauhale villages statewide in the coming years.

Kauhale are communal villages with modest housing units for homeless individuals or small households — with shared space for cooking and eating, recreation, growing food or engaging in community activities together.

In May, we opened the Medical Respite Kauhale — Pūlama Ola — in partnership with Project Vision and HomeAid, to care for homeless patients recently discharged from the hospital.

Located literally in my backyard — between the State Capitol, Queen's Medical Center, the Department of Health, and Washington Place — Pūlama Ola was a great success, and we expect several new kauhale to open in the coming months.

Right now, I'd like to recognize Project Vision's leader Darrah Kauhane and HomeAid's director Kimo Carvalho — along with all the great people on their teams.

We could not do this without you.

I would also like to again thank the Legislature for appropriating \$15 million last session for kauhale, and \$33 million for this year.

We extend our deepest mahalo to James Koshiba for leading this effort with such heart and thoughtfulness over the last year.

Now we place our trust in John Mizuno — a friend and legislative colleague of mine for more than a decade — to see this mission to completion.

We will continue to invest in permanent solutions that create spaces for our people to be housed and healed.

HEALTHCARE

For years, our state has struggled with a severe shortage of doctors, nurses, and other healthcare professionals — so on September 9th, we announced a groundbreaking loan repayment program to address this crisis.

Developed by JABSOM, the Healthcare Association of Hawai'i, the State Department of Health, and my team — and funded by the Legislature, the Healthcare Education Loan Repayment Program, or HELP, provides an unprecedented \$30 million in educational loan repayment to health professionals to bring them to and keep them in Hawai'i.

A diverse list of healthcare professions qualify for loan repayments of up to \$50,000 per year — in exchange for a minimum of two years of service in Hawai'i, while they care for low-income patients in their practice.

We've already received thousands of applications for this program, which we will prioritize choosing those with deep ties to our state — and just weeks ago we announced our first 585 HELP healthcare champions.

This year we are placing an extra emphasis on selecting mental health and addiction treatment professionals to address heightened concerns that have arisen from the COVID era and the disaster on Maui.

This initiative will help ensure that rural and under-served communities across our state have access to the healthcare providers that they need — and within five years, Hawai'i will be the only state in the nation without a shortage of doctors, nurses, or social workers.

We will finally be able to bring an end to the healthcare disparities that many of our communities have suffered for too long.

A few days ago, I met a young doctor who shared with me that she is about to complete her training in pediatric psychiatry.

Because she received the HELP scholarship, she will be able to begin her career in Hawai'i and settle here for good.

She grew up in Hawai'i and is still with her high school sweetheart — and will now deliver a lifetime of care to local families instead of moving to the mainland to practice medicine.

Last year we also strengthened our healthcare system by investing hundreds of millions of dollars in needed improvements to rural and neighbor island hospitals.

These investments will help us extend our commitment to care for historically underserved communities and those who suffer health disparities.

Native Hawaiians are more likely to experience chronic disease ten years earlier and have shorter life expectancies compared to other populations.

We must address past injustices and ongoing disparities that impact the Native Hawaiian community.

This includes working with the Department of Hawaiian Homelands to speed the provision of homestead lands to thousands of Native Hawaiian beneficiaries.

GUN VIOLENCE

Gun violence has been a growing problem in Hawai'i and across the country — and the tragic shooting of 17-year-old Richianna DeGuzman moved us to take greater action.

We hosted the state's first significant gun buyback event in decades on October 21st of last year — and it was an unprecedented success.

In just a few hours, the Departments of Law Enforcement and Public Safety were able to get almost 500 firearms off of our streets in exchange for Foodland gift cards — with no questions asked and no ID required.

We collected ghost guns, sawed off shotguns, many semi-automatic weapons, and even an uzi — and I have asked the directors of these departments to continue holding gun buyback events on a regular basis to get more guns off the streets.

This initiative — along with our commitment to creating safe places from guns and signing key firearms-related legislation — will make our communities safer and protect our keiki from deadly violence.

Gun violence reared its ugly head again just weeks ago when a disturbed individual — a felon — shot a woman then went on an island-wide rampage that seriously wounded two of our brave police officers, both of whom, thankfully, will survive.

We must do more to protect our communities from the threat of violence from those who have no business possessing firearms.

This means incarcerating violent criminals, preventing unstable people from having guns, and finally, providing much more healthcare access to those suffering from mental illness or drug addiction — which is too often linked to such tragedies.

EDUCATION

Our commitment to public education was demonstrated this past April when we successfully negotiated a new four-year contract with the Hawai'i State Teachers Association and the 13,500 teachers it represents.

The contract — which provides substantial pay raises for new hires and bonuses for experienced professionals — has paid dividends with more teaching positions being filled and fewer teachers leaving the classroom.

We slashed the teacher shortage by more than 50 percent in a single year.

Investing in education will help our keiki to succeed, so we have requested more than \$125 million to support Hawai'i's public schools, including substantial funding for the Department of Education's food service and student transportation programs.

I want to take a moment to commend Lieutenant Governor, Sylvia Luke, for her extraordinary work on early education.

Many across our state asked me to utilize our new LG's talent and capacity as a real partner — and I took that advice to heart.

We are friends and colleagues — and the work she is doing to make pre-school available to all of Hawai'i's young children will have a profoundly positive impact on our state.

Thank you, LG, for your great work on this and many other key initiatives.

CLIMATE CHANGE AND ENVIRONMENT

As caretakers of our islands, we are committed to pursuing climate change strategies that are equitable and culturally responsive.

Hawai'i must continue to invest in sustainable, renewable energy and reduce our dependence on fossil fuels.

That is why I joined the U.S. Climate Alliance, a bipartisan coalition of 25 governors securing America's net-zero future by advancing state-led, high-impact climate action.

We must do more to protect our beaches, parks, and other natural treasures from extreme weather fueled by climate change — **without raising taxes or fees on Hawai'i residents.**

The responsibility to protect Hawai'i's unique natural environment should extend to visitors to our islands.

A Climate Impact Fee on visitors would provide the needed resources to protect our environment and increase awareness of the impacts of climate change.

This legislative session, I will renew our efforts to pass a climate impact fee to help us stare down the terrible impacts of climate change.

Last year, this proposal stalled in committee — but imagine how helpful that program would have been to address the disaster on Maui.

We need to do better this year.

Today, I am proposing a \$25 fee on visitors when they arrive and check into a hotel or short-term rental.

This modest fee — far less than the resort fees or other taxes visitors have paid for years — will generate more than \$68 million every year from visitors.

We would invest these funds in beach preservation, fire breaks, and other prevention measures to help us avoid tragedies like the one last year in Maui.

I believe this is not too much to ask of visitors to our islands.

I am open to other proposals that would achieve the same goals, including an increase in the transient accommodation tax — but we must do something now.

Hawai'i's natural resources — our beaches, forests, and waterfalls — are an essential part of our culture and our way of life.

A Climate Impact Fee would help us protect them.

RED HILL

We have already made important progress on draining the fuel from Red Hill so it can finally be shut down for good.

The military began removing the fuel on October 16th — more than five months ahead of schedule — and has already drained 104 million gallons from the tanks, which is 99.5 percent of the total.

The goal of the Red Hill Joint Task Force is to remove the last 0.5 percent of the fuel in the early months of this year.

Then we will close the facility permanently, so that it never again poses a threat to our health or the safety of our water.

Mahalo to every environmental advocate, engineer, and public worker who helped achieve this victory at Red Hill.

We will continue to take every necessary action to protect our precious natural resources — especially our fresh water — and to hold those who threaten them fully accountable.

NEW OPPORTUNITIES

With a heavy focus this year on Maui's recovery, affordability, and housing it would be easy to forget to mention other important opportunities for our state which will help diversify our economy.

This year we launched the new Aloha Stadium proposals, we opened high-level discussions with Japan to create an open travel corridor, and we are actively seeking to expand our state's film industry — with greater investment in local production and developing our own film professionals.

We will invest in sustainable agriculture to have more food security for our state and we're prioritizing energy research and development, with the goal of becoming a hydrogen hub someday in the future.

Finally, our Board of regents will select a new University President in 2024, and I will continue to rely on UH to help us drive economic innovation.

OUR PATH FORWARD

We will never forget the day the fires took our loved ones and changed the lives of so many on Maui.

The people of Maui have shown strength in the face of adversity — but the days ahead will not be easy, and they will continue to need our support.

And we will be there for them — for as long as it takes.

Over the past five and a half months, we have shown the rest of the country and the entire world the true spirit of aloha.

We've come together around our shared values and a common purpose — to support Maui as they begin to recover and heal, to house our people and end homelessness, and to make life in Hawai'i more affordable, so that our next generation can build a future here at home.

Again, I want to express my deepest gratitude to the people of Hawai'i for your resilience and your commitment to each other.

It is an honor to serve as your governor.

Mahalo and aloha.