

STATE OF THE STATE ADDRESS 2025
“Uniting to Overcome Our Challenges”

INTRODUCTION

First Lady, Lt. Governor, Madame Speaker, Senate President, OHA Chair, Chief Justice, colleagues, members of the cabinet, distinguished guests, and all the people of Hawai'i — ALOHA.

Jaime, I couldn't do this job without you. Your support, your thoughtful perspective, and your hard work are truly valuable to me. Thank you. I love you very much.

Sylvia, thank you for your tireless work to improve Hawai'i — specifically your extraordinary efforts on early education and broadband technology.

You have proven to be a great teammate and I truly appreciate you.

Nadine, I am so excited to see you become our first woman Speaker of the House.

****APPLAUSE****

You have already shown me that you will help lead the House in a thoughtful way, and you will bring your own style to this important leadership role.

Ron and Kai, we served in the Senate together and I have so many great memories from that era.

I look forward to resuming our work together this year, in ways that will improve the lives of all the people of Hawai'i.

CJ, we honor you for your years of distinguished service to our state. I'm really going to miss you.

Legislative colleagues, thank you for being such great partners over the last two years in our work for the people.

I see new faces join our ranks, and it reminds me that we were all new once — sometimes a fresh perspective leads us to even greater progress.

I also want to thank all of our cabinet members — and our executive team led by my Chief of Staff Brooke Wilson — who have done so much to advance our top priorities.

Mahalo to all of you for your leadership, and for coming together to take on our biggest challenges and to address the most important issues our state is facing.

We have been through some extremely difficult times in recent years — the fear and uncertainty of the COVID pandemic, the devastating losses we suffered in the wildfires on Maui, and our long road of recovery and healing since that day.

By uniting as one ‘ohana, we found in each other the faith, hope, and strength we needed to keep going and to rebuild.

Today, I am incredibly proud of our state and our people for the way we have come together to support each other through these enormous challenges.

Today, I am proud to report to you that the state of Hawai‘i is strong!

Two years ago, I came into the governor’s office after attending hundreds of talk stories and community meetings across our state, having thousands of conversations with people from every walk of life.

The people of Hawai‘i spoke clearly — they wanted to see real results on a number of issues that our state has been facing for years, but only seemed to be getting worse.

To my colleagues in the legislature and across state government, we are privileged to serve the people of Hawai‘i and to work for them every day.

As we start a new year and begin a new legislative session, we reflect on the progress we have made together over the past two years, and to look forward and ask:

“What do the people of Hawai‘i want us to accomplish for them now and in the coming years?”

AFFORDABILITY

First, let’s talk about the cost of living in Hawai‘i.

It’s too high — the highest in the country.

There are too many families struggling to make ends meet.

Too many people are forced to consider leaving the places they grew up in, and too many families have already left our state in search of a lower cost of living on the mainland.

Two years ago, the people of Hawai'i told us loud and clear that they want us to find ways to make living in our state more affordable.

From day one, we made it a top priority and we took action — we lowered taxes.

In our first year, we worked with the legislature to double the earned income tax credit and the food tax credit, and to increase the existing child and dependent tax credit — saving Hawai'i families about \$88 million per year in taxes.

Then last year, the legislature passed — and I signed into law — the largest income tax cut for Hawai'i families in our state's history.

****APPLAUSE****

This tax cut will take effect in steps over the next seven years, providing an estimated \$5.6 billion in total savings to our people.

It will reduce taxes from between 10 to 71 percent for working families, depending on household income — moving Hawai'i from having the second-highest, to the fourth-lowest tax burden in the country.

A family of four making the median household income of \$88,000 in Hawai'i will see its take-home pay increase by more than \$3,600 by 2031 when the tax reform has been fully implemented.

These tax cuts are already going into effect now, and by 2031 the number of Hawai'i households that will pay zero state income tax will rise from 25 to 40 percent — keeping more money in people's pockets, and stimulating statewide economic growth.

Over the last two years, we also made careful budgetary decisions.

We reduced spending by \$500 million in 2024 and \$1 billion in 2023 without cutting needed services — while maintaining \$1.5 billion in our rainy day fund.

Our goal continues to be making our state more affordable, so local families can live in Hawai'i and our next generation can have a future here — and in the coming years we will continue to find new ways to lower our cost of living.

HOUSING

Facing the highest housing costs in the nation, the people of Hawai'i also asked us to make housing more affordable and available across our state.

Housing is the single largest expense for Hawai'i families, accounting for 38 percent of household spending on average.

Even before fires destroyed nearly 4,000 homes on Maui in August of 2023, we faced an estimated shortage of 50,000 housing units statewide.

Hawai'i's building regulations have driven the cost of condominium development up by 58 percent — making it the highest in the country.

Because of our lack of affordable housing, we also face a shortage of teachers and health care workers — and more Native Hawaiians now live on the mainland than in our state.

We immediately approved 10,800 new units of low income housing for struggling families.

Over the past 18 months, the exemptions established in our 2 emergency housing proclamations have helped approve or accelerate nearly 7,000 affordable housing units across our state.

We also worked closely with the legislature on this issue, and over the last two years we have delivered the most significant housing regulatory and zoning reforms in over 40 years — cutting red tape, updating and improving rental laws, and increasing the affordable housing inventory statewide.

Our combined efforts are now paying dividends.

Affordable housing measures we passed over the last two years are now fueling a surge in workforce and low-income housing developments across our islands.

Right now, we are tracking more than 62,000 units over 257 projects being built by state and county agencies and private developers over the next decade — with 13,000 new units to be completed this year and 10,000 more next year.

This includes 46,000 new units of affordable housing.

****APPLAUSE****

For the next two years, we have requested over \$500 million for housing initiatives — including \$250 million for the Rental Housing Revolving Fund to develop more affordable housing, \$30 million for Phase 2 of the 99-Year Leasehold Program on O‘ahu, and \$62 million for the University of Hawai‘i West O‘ahu infrastructure development for University Village near the rail.

We have also requested \$68 million to transform Mayor Wright Homes, this effort will add more than 2,000 housing units for the district’s working families.

With this same sense of urgency, the Department of Hawaiian Home Lands and its Chair Kali Watson are tackling the affordable housing crisis for Native Hawaiians.

More than two years ago the legislature approved Act 279, which appropriated a historic \$600 million to DHHL to reduce its decades-long waitlist which has swelled to over 29,000 kānaka maoli.

Since then, DHHL has embarked on a bold five-year plan to deliver more than 7,500 homes and lots for Native Hawaiians.

This includes projects like Pu‘uhona Homestead project in Wailuku — the first residential DHHL project on Maui in nearly two decades — which, when completed, will provide 137 turnkey homes and 24 improved lots.

It also includes the 23-story Hale O Mō‘ili‘ili project at the former Bowl-o-Drome site, which will provide 278 much-needed apartments in Honolulu’s urban core with rents starting as low as \$657 per month.

Innovative projects like these will help provide new affordable housing for Native Hawaiians who have been on the waitlist for far too long.

But building alone won’t solve our housing crisis.

In Hawai'i, we have too many short-term rentals owned by too many individuals who live on the mainland.

There are tens of thousands of housing units across the state that should not be short-term rentals, they should be homes for our people.

****APPLAUSE****

Short-term rentals make on average four times what they would if the property were rented long-term to a local family — and 52 percent of these short-term rentals in Hawai'i are owned by non-state residents, with 27 percent owning 20 units or more.

Currently, an estimated 75,000 of the 89,000 units in Hawai'i's short-term rental market are 'not legal' according to our existing laws.

So last year, after listening to community activists like Lahaina Strong on Maui, we passed legislation empowering the counties to reform short term rentals, returning thousands of housing units to the local market, increasing supply and bringing down prices.

In just two years, we have made significant progress on housing, but there is still more work to do to meet our pressing needs.

We will remain committed to creating more affordable housing for Hawai'i's nurses, teachers, firefighters, and all the working families across our state.

HOMELESSNESS

The people of Hawai'i also asked us to take action to reduce homelessness in our islands.

When we started together in 2022, we faced the second-highest per capita homeless rate in the country — 43 out of every 10,000 people were homeless, more than double the national rate of 18 per 10,000 — with a total of 6,223 people unhoused.

As many of you know very well, homelessness is a complex and challenging issue.

Many people who are homeless suffer from mental illness, addiction, or both — with some developing PTSD just from living on the streets.

Many can only get medical care in our hospital emergency rooms — where the cost to care for a homeless person in Hawai'i is an average of \$82,000 per person per year — and when they are discharged, they go right back on the streets where they get sick or injured again.

Instead of conducting sweeps that just move homeless people from one place to another without offering them help or hope, we saw an opportunity for a new approach that is both more compassionate, and more effective.

By adopting the approach that “housing is healthcare,” we began to break this vicious cycle by putting people in inexpensive, tiny homes after they are discharged from hospital emergency rooms.

When I took office two years ago, there was only one kauhale in our state, a village that we created when I was serving as Lt. Governor.

I immediately signed an Emergency Proclamation on Homelessness to cut through the red tape that was preventing us from building more kauhale villages.

Kauhale are communal villages of tiny homes for the homeless, with shared space for cooking, eating, recreation, growing food, and community activities.

Studies have shown that providing housing for chronically homeless individuals not only improves health outcomes but also saves taxpayers millions in health care costs.

A recent report by the University of Hawai'i Center on the Family found that six months after these individuals were placed into permanent housing, their health care costs dropped by 76 percent to an average \$1,965 per month.

Today, we have built a total of 17 kauhale villages across our state, with a total of 30 villages to be completed by 2026, which will provide over 1,500 housing units for the homeless.

****APPLAUSE****

I'd like to recognize all of the mayors for their collaborative work on homelessness, especially Mayor Blangiardi and his team led by Jim Ireland.

I'd also like to recognize John Mizuno from our Homelessness team and all the service providers who are helping build the kauhale initiative in our fight to end homelessness in Hawai'i.

In our Executive Biennium Budget, we have requested \$50 million each year for the next two years for kauhale development, to continue providing these critical services.

We have also requested \$10.8 million to support family assessment centers, the Housing First Program, the Rapid Re-housing Program, homeless outreach, and civil legal services.

With these innovations and investments, over the next five years we project a net savings of over \$450 million for Hawai'i taxpayers at the same time we are reducing homelessness and caring for those in need.

We are well on our way to achieving our goal of cutting homelessness in half in our state by the end of next year.

****APPLAUSE****

HEALTH CARE

The people of our state continue to ask us to make health care more accessible and affordable for everyone.

So over the past two years, we have made greater investments to strengthen and extend our health care system to those in need.

One of our ongoing challenges is to attract and maintain enough health care providers in our state.

The Hawai'i Physician Workforce Assessment Project's December 2023 Report estimated we have an unmet need of 757 physicians statewide.

To address our state's shortage of health care professionals, we launched the Healthcare Education Loan Repayment Program, or HELP — a state-funded initiative to provide \$30 million for educational loan repayment to more than 900 providers licensed or certified to practice in the state Hawai'i.

In exchange for a two-year commitment of service in Hawai'i, a diverse list of health care professionals are eligible for loan repayments up to \$50,000 per year — with 600 scholarships made available in the first year of the program, and another 600 in the second year.

HELP prioritizes primary care and behavioral health specialists with deep ties to our state, and we are placing extra emphasis on selecting mental health and addiction treatment professionals to address heightened concerns that have arisen from the COVID era and the Maui recovery.

We have asked the legislature for \$30 million over the next two years to continue HELP, with generous support also coming from Salesforce co-founder Marc Benioff, who has pledged \$10 million, \$5 million last year and another \$5 million in 2025 to support the program.

In our first two years, we also invested in improvements to our rural and neighbor island hospitals on the Big Island, Maui, and Kaua'i, and in Hawai'i's nursing facilities.

For the next two years, we have requested \$25 million for the Kea'au Outpatient Center for the construction of Urgent Care, Primary Care, Specialty Care Imaging Centers, and a Behavioral Health Center, and over \$44 million for improvements to HHSC facilities, including the renovation of Kona Community Hospital's Emergency Department.

We have also requested over \$27 million for the Hawai'i State Hospital for additional psychiatric beds for inpatient adult mental health services — which will also help get the chronically homeless off the streets.

In the last two years, we have dedicated more state and federal funds to raising Medicaid rates — improving care for 450,000 of the most vulnerable people in our state.

****APPLAUSE****

PUBLIC SAFETY

Over the past few years, we have lost too many loved ones and endured far too much gun violence in our neighborhoods where our children should be safe.

So we have taken action to prevent gun violence and make our schools and communities safer.

We passed two new gun safety laws, designating sensitive places where firearms will be prohibited statewide, and providing active shooter training in public and charter schools.

We have held two successful gun buyback events so far, collecting approximately 500 firearms each time and taking them off our streets for good.

We collected assault rifles, semi-automatic rifles, handguns, revolvers, shotguns, and ghost guns — and we gave a \$100 Foodland gift card in exchange for each firearm.

This initiative is an amnesty program, with no identification required, and no questions asked — we just want to get guns off the streets.

These gun buyback events are part of a larger effort to combat gun violence and promote safe neighborhoods across Hawai'i, and I am proud to be working with our law enforcement agencies to expand this program statewide.

But there is much more work to do on public safety than just addressing gun violence.

Three weeks ago we all witnessed the horrific fireworks explosion in Salt Lake, which took the lives of several of our 'ohana and critically injured more than two dozen.

If we are going to prevent deadly incidents involving illegal fireworks like this one, we're going to have to make the collective decision to allow only safe and legal fireworks in our state going forward.

In 2023, we established the Illegal Fireworks Task Force to identify and disrupt supply chains.

The Task Force has seized 227,000 pounds of illegal fireworks to date, but incidents like this remind us of the ongoing challenges we face.

This year I will also continue working with the legislature to further curb illegal fireworks in our state so children and families in Hawai'i can enjoy beautiful fireworks displays safely.

Our efforts to expand the health care workforce, take illegal guns and dangerous fireworks off our streets, and reduce drug overdoses, will all help ensure the health and safety of our people in the coming years.

Hawai'i is consistently ranked as one of the healthiest and safest states in the nation — let's work together to keep it that way.

CLIMATE AND ENVIRONMENT

The people of Hawai'i want us to protect our environment, and do our part in the global fight against climate change by reducing carbon emissions in our state.

We took immediate action in our first year, and — six months ahead of schedule — we made sure that 104 million gallons of fuel at Red Hill were safely removed.

We are shutting down Red Hill for good, so that it never again poses a threat to our health or the safety of our water.

****APPLAUSE****

Last year, we joined youth plaintiffs from across our islands in the *Navahine v. Hawai'i Department of Transportation* case in announcing a resolution to the world's first youth-led constitutional climate case seeking to address transportation emissions.

The state is taking action to meet the climate emergency and transition Hawai'i to a climate-safe, zero-emissions transportation system.

I'd like to recognize these young people today for their passion and commitment to creating a healthy and sustainable future for their generation and for generations to come.

Last year, we also formed the Climate Advisory Team led by Chris Benjamin, bringing together the very best climate science experts, business and financial advisors, and legal professionals to tackle the challenges of climate-related disasters.

This team provided a comprehensive roadmap for the state's strategy to mitigate the severe impacts of climate change in the coming years — and I urge my friends in the legislature to pass landmark legislation in 2025 to fund this critical effort.

****APPLAUSE****

We must take action on the science-based recommendations of experts like the Climate Advisory Team before it's too late to protect Hawai'i from the advancing climate crises.

MAUI RECOVERY

On August 8, 2023, wildfires swept across Maui, claiming the lives of 102 of our beloved friends, neighbors, and family members.

These fires — fueled by drought and fanned by hurricane force winds — were an unprecedented tragedy for Maui, and for our entire state.

Since that day, the people of Hawai'i have united in showing care and support for the survivors and their families.

I want to take a moment right now to thank Mayor Bissen for being an incredible partner in the recovery effort.

In the 17 months since the disaster, we have continued to lead this coalition of state, local, and federal agencies in an enormous effort to clear debris in residential and commercial areas, restore infrastructure, and build temporary and long-term housing and local schools.

We have supported survivors with food, housing, medical and mental health services, and financial resources.

A year ago we announced the Maui Interim Housing Plan, a \$500 million initiative to create a pool of more than 3,000 housing units for displaced families. This partnership included the Hawai'i Community Foundation, the Council for Native Hawaiian Advancement and so many other generous philanthropists. I'd like to acknowledge Micah Kāne and Kūhiō Lewis for their critical help and leadership.

Currently, the state and its partners are building more than 1,200 temporary housing units for survivors on Maui, in addition to providing direct rental assistance aid for more than 5,600 displaced people.

Working together with our congressional delegation, the White House, and Maui County, we will have over \$2 billion in federal disaster relief funds to invest in building housing and aid in the full recovery of Maui.

By leading the effort to reach a global legal and financial settlement, we averted the financial collapse of Maui County and Hawai'i's energy system, sparing our state years of economic hardship and higher energy costs.

Last year we built or began a total of 810 new units of permanent housing across four projects on Maui, and we are finishing 1,044 units of transitional housing to meet the community's needs until we can fully rebuild Lahaina the way its people want it.

We have now moved more than 99 percent of those displaced by the fire into long-term housing — and we will keep working to make sure every survivor has a safe and stable place to call home.

As Maui continues to rebuild, I will do everything possible to ensure that we have the resources we need.

In the budget for the next two years, in addition to the global settlement, we have requested over \$350 million to continue investing in Maui's recovery efforts, to fund schools, and to improve statewide wildfire prevention and disaster response.

The wildfires on Maui have forced us to confront the risks we face as a state from climate-related disasters.

Working with the counties, we have updated and improved our emergency siren protocols.

We have also re-established the State Fire Marshal, including a request for \$2.2 million in funding, which will help that office regulate building and fire safety standards, guide the state's wildfire prevention and education efforts, develop regulations, and help coordinate state agencies.

With the help of the federal government, we are deploying 80 wildfire and 16 wind sensors throughout the state to provide an early-alert system with 24-hour sensing and alerting capabilities to identify changes in conditions before wildfires start, and to continuously transmit information and send electronic notifications when problems are detected.

The tragedy in Los Angeles validates the urgency of this effort.

I have also proposed that the state create defensible spaces around homes, develop mapped-out evacuation plans, and engage in community-wide preparedness initiatives to mitigate the impact of fires.

But there is still much more work to do.

We will continue to work with our federal partners, nonprofit organizations, and local communities to ensure greater resilience to climate-related disasters in the future.

Since the fires, we have faced enormous challenges, but we have emerged stronger, united, and determined to support our Maui 'ohana and help them rebuild.

While much of our work has been driven by the housing crisis, our state's pandemic recovery, the Maui wildfires, and more recently the New Year's explosion, we are also constantly thinking about the future.

We will continue to dream big in our state, pursuing major transformative projects and initiatives in the years ahead — such as building a modern stadium for our people, pursuing restorative reforms to our justice system which also meet our needs for new, more humane correctional facilities, and finally, a statewide food security plan to address childhood hunger, which the First Lady and I have been working on together.

****APPLAUSE****

IN CONCLUSION

Over the last two years, working together with our partners in the legislature, we have taken action on the biggest challenges facing our state and made real progress on the issues that matter most to the people of Hawai'i.

Again, I'd like to thank everyone for coming together to support and help Maui recover, and for making possible the results we have achieved.

We have made incredible progress, but there is so much more to do.

There are still too many families searching for affordable housing, and struggling to make ends meet.

There are still too many people living on the street.

But if we stand together as one 'ohana like we have over the past two years, and continue to put our values into action, we will reach our dreams, and together we will build the Hawai'i our children and grandchildren deserve.

Mahalo and aloha.