

Monday, November 23, 2020

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

The Thirtieth Legislature

House Select Committee on COVID-19 Economic and Financial Preparedness

**Report of the Select Committee's Twenty-third Meeting,**

**Held on Monday, November 23, 2020**

The House of Representatives established the House Select Committee on COVID-19 Economic and Financial Preparedness (Committee) pursuant to House Resolution No. 54 (Regular Session of 2020). The membership of the Committee includes selected members of the House of Representatives, state government officials, and business leaders from private industry and non-profit organizations located in each of the primary counties. The Committee is tasked with:

- (1) Identifying the potential economic and financial impact to the State;
- (2) Developing short-term and long-term mitigation plans; and
- (3) Monitoring COVID-19 conditions and outcomes.

At its twenty-third meeting, the Committee received an update on federal action in response to COVID-19, an update on Hawaii's economy from the University of Hawaii Economic

Research Organization (UHERO), and a report by the Communications and Strategy Subcommittee.

## I. OPENING REMARKS

Speaker Scott Saiki announced two new members of the Committee:

- Representative Linda Ichiyama, who will chair the new House Committee on Pandemic and Disaster Preparedness; and
- Dr. Sylvia Hussey from the Office of Hawaiian Affairs, who will replace Collette Machado.

## II. UPDATES AND REPORTS

### A. Federal Update by U.S. Representative Ed Case

Representative Case commented that things in Washington, D.C., are very chaotic and uncertain at the moment. On one hand, the nation is currently seeing the highest numbers of infections and deaths, which is keeping many of the federal departments and agencies in a high state of anxiety. The situation in Hawaii is okay for now, but we must remain vigilant.

Second, the chaotic transition resulting from the presidential election is affecting not just the White House but also federal departments and agencies, including the Food and Drug Administration (FDA). At the same time, Congress is trying to finish its current session, but some congressional elections are still undecided. Congress still has not passed the 2021 Fiscal Year Appropriations Bill. Currently, there is a resolution in place which is keeping the government open but that is set to expire on December 11, 2020. If an appropriations bill is not passed before then or the resolution is not extended, then there may be a federal-government shutdown.

Regarding an additional financial package to address COVID-19, there is no argument as to its need, but there are still major policy differences. The HEROES Act (the second-largest emergency package with \$3 trillion in spending) passed the House six months ago. However, in

the Senate there still exists a huge policy gap as to the final amounts to be passed, when the package will be passed, and where the money will go making final negotiations challenging.

Representative Case believes that the negotiating gap is surmountable. He noted that it is possible but not probable that a relief package from the federal government would come before the end of the year. However, he could not represent to the Committee right now when economic relief would arrive or how much funding would be provided. Furthermore, Representative Case observed that anyone who claims to know the outcome is simply not looking at the facts.

There is broad consensus on direct financial aid to Americans, assistance to small business (especially those in hard-hit sectors), and assistance to health care (PPE). The major stumbling block is direct aid to states and local governments. It is too uncertain as to whether a measure to provide additional assistance will pass before the end of the year, and it is also uncertain whether President Trump would sign a measure if it did pass. The President had indicated previously that he would, but his focus may be different now. Everything is very unpredictable. Representative Case remarked that it is not the right approach for anyone to rely upon additional federal government funding to the detriment of other alternatives. Members of Congress have been told to remain in Washington, D.C., if it appears a deal is imminent; however, the situation will be uncertain for a number of weeks.

With respect to the approximately \$10 billion in CARES Act funding that came to Hawaii, many of its provisions are expiring at the end of the year, creating “cliffs” of various kinds. Hawaii received approximately \$2.5 billion in direct government funding. This money needs to be incurred, meaning something between obligated and expended, by the end of the year. Neither the State of Hawaii nor the City and County of Honolulu (City) has incurred all of the money. Hawaii's Congressional delegation has communicated with the State and the City about the need to meet this deadline. They have also contacted the U.S. Treasury about the State's “Plan B” -- i.e., if the funds are not incurred by the end of the year or if the CARES Act funding is

not extended, then the State will use the monies to pay its debt for unemployment.

Representative Case was not sure what the City's "Plan B" entails. Overall, Representative Case felt comfortable that the CARES Act funds would not have to be refunded to the federal government. In response to a concern raised by Mr. Brian Miyamoto of the Hawaii Farm Bureau that non-profit organizations were receiving CARES Act funds after some delay, Representative Case stated that so long as the funds were in the hands of the nonprofit organizations before the deadline, then the funds would not lapse.

Both chambers of Congress agree that the CARES Act deadline should be extended. However, Congress needs to pass legislation that extends the deadline by the end of the year. It is a statutory deadline, so there is no administrative flexibility. The federal government is the only entity with the size and resources to be able to provide economic relief.

Representative Case also updated the Committee on the various COVID-19 vaccine trials. A vaccine is critical to any realistic reopening of Hawaii's visitor economy. A number of companies believe they have tested a vaccine that works. The approval process by the FDA usually takes a long time. Pfizer is currently seeking emergency use authorization for its vaccine, and Moderna and AstraZeneca will be seeking emergency use authorization very soon. When a company applies for emergency use authorization, it is reviewed by the Vaccines and Related Biological Products Advisory Committee. Once a decision is made by that Committee, the FDA will issue its decision of whether it agrees with the Committee's decision. Representative Case believes that the Committee will issue a decision by December 10, 2020. He hopes and believes that the FDA will apply science in their decision.

Once a vaccine is approved for emergency use, it still needs to be mass produced and distributed. This is where Operation Warp Speed comes into play. The CARES Act requires the vaccine to be provided by and large free of cost, and there will be a certain priority for who will receive the vaccine first. States are putting together their own vaccination plans, and Hawaii's Department of Health has its draft plan, which was previously shared with the House.

Generally, first responders and front-line health care workers will be the first to receive the vaccine. However, Representative Case stated that there is local discretion on this matter.

Representative Case stressed the importance of having a safe vaccine that people will trust and feel confident taking. He understands that there will be logistical hurdles in Hawaii to distributing the vaccine, such as making sure that rural areas also receive the vaccine. He feels that the Department of Health has a pretty good handle on these issues.

Moreover, Representative Case noted that there is an informal coalition of western states that have banded together to address issues related to the vaccine and provide expertise. If Hawaii is not part of this coalition, he suggested that the State should consider joining.

Ms. Tina Yamaki of the Retail Merchants of Hawaii asked if retail workers could also be considered for priority access to the vaccine because they interact with so many members of the public. Representative Case responded that because of the composition of Hawaii's economy, retail workers could be considered a priority group. Each state was developing its vaccination plan based on its own unique needs. Vaccination priority lists are not being micromanaged by the federal government.

Representative Case thanked the Committee for allowing him to update them from a federal perspective and how what is happening in Washington, D.C., affects Hawaii.

#### B. Hawaii Economy Update by UHERO

Dr. Carl Bonham provided an update on Hawaii's economy (see [UHERO Select Committee Update Presentation on the Committee website](#)) and reported that there is some good news. At the last meeting of the Committee, Dr. Bonham commented that the economic pulse of the State had already begun turning up in September. He was cautiously optimistic that employment would be improving, and that has happened. The economic pulse is continuing to point up. These numbers reflect the number of people returning to work in anticipation of the October 15 re-opening of the tourism economy. Roughly 28,000 people

returned to the labor market in October. Unemployment fell from 15.1 percent to 14.3 percent. All of this reflects the importance of the pre-travel testing program and reopening of tourism in getting people back to work. Dr. Bonham anticipates a continued increase in the number of people returning to work and a drop in unemployment.

Hawaii has seen a surge in daily visitor arrivals in anticipation of Thanksgiving, and arrivals are up 50 percent from last week. However, a decrease is expected afterwards for a variety of reasons, including the Governor's recent change to the pre-travel testing program to require a 14-day quarantine for those who are unable to get their test results prior to boarding their flight to Hawaii, as well as a surge in COVID-19 cases on the mainland, especially in the markets from which Hawaii receives most of its visitors (e.g., California, followed by Washington and Texas). Almost 40 percent of domestic visitors to Hawaii come from California.

The inherent risk of travel, growing difficulty in obtaining a pre-travel test for COVID-19, and the Governor's recent change to the pre-travel testing program (which raises the risk of travelers not receiving their test results in time and needing to quarantine in Hawaii or cancel their trip) all affect Hawaii's tourism economy. Re-opening tourism to Japan and Canada may help offset some of the declines caused by these changes. These changes can affect \$300 million to \$400 million in visitor spending, which is a significant amount.

It was a good accomplishment for Hawaii to get through Halloween without much infrastructure strain on the healthcare industry and lower the number of COVID-19 cases. The next holiday hurdle is Thanksgiving.

In closing his report, Dr. Bonham encouraged people to participate in the Hawaii Rental Property Survey.

Dr. Mark Mugiishi of the Hawaii Medical Service Association commented that Hawaii is on the good side of COVID-19 transmission. It reflects the good behavior of Hawaii's population as a whole in terms of social distancing and wearing masks. For all of the anecdotal

complaints, as a population, Hawaii is doing okay. If the people of Hawaii can keep it up during the holiday season, the State as a whole will be all right.

Mr. Raymond Vara of Hawaii Pacific Health noted that the rate of infection per 100,000 people is 6.6 in Hawaii, which is the best in the United States. Hawaii is doing a good job of managing to live with the virus even with the reopening of tourism.

Dr. Bonham remarked that the improvement in the economy and the solid performance in living with the virus really speaks to the performance of businesses and individuals in Hawaii as well as the effectiveness of the pre-travel testing program. The pre-travel testing program is doing exactly what it was intended to do.

Speaker Saiki asked the members of the Committee if they had any insights on the Governor's decision to change the pre-travel testing program.

Mr. Mufi Hannemann of the Hawaii Lodging and Tourism Association (HLTA) expressed concerns. He pointed out that the HLTA is cooperating every step of the way. However, if tweaks are not made to the recent changes to the pre-travel testing program, the result will be a major reduction in travel to Hawaii. Besides cancelations of already-booked trips, potential tourists could be deterred from even considering visiting Hawaii. Visitors from Japan and Canada may not be able to make up for the loss. Mr. Hannemann expressed across-the-board concerns. Mr. Hannemann stated many in the tourism industry as well as the Hawaii Tourism Authority appealed to the Governor to make his new order more palatable to travelers who do not receive their COVID-19 test results in time through no fault of their own.

Speaker Saiki asked if the Governor consulted with the tourism industry before announcing the recent changes to the pre-travel testing program, or just with the mayors. Mr. Hannemann responded that to his knowledge, the tourism industry was not consulted.

Mr. Vara remarked that based on his understanding, only 44 out of about 272,000 travelers to Hawaii arrived without a COVID-19 test result and subsequently tested positive for the disease, which is a very small percentage of travelers. With numbers that low, it seems

inconsistent with trying find a balance between public health and economic recovery. Mr. Vara does not know what public-health considerations were made; he was simply looking at the data.

Dr. Mugiishi noted that when you're winning (i.e., doing a good job), that's not when you change the rules. He agreed with Mr. Hannemann that he would like to see some tweaks made to the recent changes to the pre-travel testing program. Representative Della Au Belatti expressed her concerns that some of these changes and pivots are driven by what is happening on the Neighbor Islands.

Mr. Peter Ingram of the Airlines Committee of Hawaii echoed the comments of Mr. Hannemann. One of Mr. Ingram's concerns when he heard about the recent changes to the pre-travel testing program, and which he raised with the Governor, is the tight 72-hour turnaround for COVID-19 tests. Mr. Ingram was concerned that the travelers who are doing the right things--everything that they are being asked to do by the State--through no fault of their own, are not receiving a test result back in time. There should be some accommodation made for these travelers so that the pre-travel testing program can work for travelers who are doing the right things.

Representative Kyle Yamashita observed that many times, the Governor makes decisions because of a push by the mayors. He suggested that perhaps the Committee could speak to the mayors either individually or as a group. Speaker Saiki replied that maybe such an arrangement could be made before the next meeting of the Committee.

Representative Richard Onishi mentioned that on Hawaii island, a COVID-19 test result cannot be guaranteed within 72 hours, which makes interisland travel difficult. One person wanted to travel to Honolulu for the day, but that person could not be guaranteed that a result would be provided in time.

Speaker Saiki asked if Major General Kenneth Hara would like to respond to concerns raised by members about the Governor' change to the pre-travel testing program. General Hara commented that when the State launched the interisland pre-travel testing program, it tried to

model it after the trans-Pacific pre-travel testing program to minimize confusion. In Hawaii, most test results come back within 24 hours. The concern now is the uncontrolled surge of COVID-19 on the mainland. For example, CVS recently announced that they can no longer guarantee test results within 72 hours.

Speaker Saiki asked what caused the Governor to make the recent changes to the pre-travel testing program. General Hara replied that the changes were brought about by concerns by the county mayors and the Director of Health. Speaker Saiki asked if General Hara knew whether the Governor had consulted with the visitor industry prior to making the changes to the pre-travel testing program; however, General Hara did not know. Mr. Ingram noted that he had spoken with the Governor right before the announcement was made, while Mr. Hannemann added that he had received a head's up about the change from a member of the Administration on the morning of the announcement.

Dr. Mugiishi suggested since the number of travelers who fall into this category is relatively small and they did everything that had been asked of them but through no fault of their own could not receive a test result in time, that these travelers could receive a rapid test upon arrival at the airport in Hawaii. This option would be available only to those travelers who had already taken a test but whose results were not uploaded in time. If these travelers test negative for COVID-19, then they can be released from quarantine after they receive their results.

Mr. Hannemann liked Dr. Mugiishi's idea and suggested that travelers who follow the rules but, through no fault of their own, cannot receive their test results in time could receive a rapid test upon arrival or be tested at the mobile testing laboratory at the airport. Mr. Hannemann stated that hotels are obligated to accept visitors with reservations, whether or not they test positive for COVID-19. According to Mr. Hannemann, if tourism does not return, small businesses, restaurants, and farms in Hawaii will close.

Speaker Saiki asked if the Governor had received and considered this kind of input prior to making the changes to the pre-travel testing program; however General Hara was not sure. Speaker Saiki commented that it is important for the Governor consider input like this before making such abrupt decisions and that the Governor needs to consult with more people. When the broader community is affected it does not serve the public very well.

Dr. Bonham observed that these kinds of decisions annoy the public when they seem random and not based on science. It sounds like the changes were based more on fear and logistical concerns.

Mr. Peter Ho of Bank of Hawaii described the balance between slowing the spread of COVID-19 and reviving the economy as trying to thread the needle. Anything that affects public health and safety would be supported by all. However, actions that seem not to have health consequences but impede economic recovery are frustrating.

Ms. Wendy Laros of the Kona-Kohala Chamber of Commerce also expressed her surprise at the changes to the pre-travel testing program. The Kona-Kohala Chamber of Commerce receives many calls from travelers and this change puts travelers in a very bad situation. It now affects potential future travelers. The Chamber does not advocate for things that do not prioritize safety; however, the pre-travel testing program was working.

Speaker Saiki commented that if the Governor's decision was not based on data, this kind of decision just feeds into anti-traveler sentiment in Hawaii, which is not good for everyone.

General Hara informed the Committee that he would relay their message urging consultation with a greater number of people back to the Governor.

C. State COVID Response Update by General Kenneth Hara was deferred

D. Communications and Strategy Subcommittee Report by Mr. Raymond Vara

The Subcommittee is continuing to do public service announcements and working with industry leadership to communicate. Overall, Hawaii has done very well from a public-health standpoint. Hawaii is creating livability with the virus and has layers of risk mitigation in place.

The Subcommittee is now pivoting to the economic recovery component and is in the process of meeting to create a multi-point (between three to five points) plan centered on economic recovery, similar to that for public health. As of now, the Subcommittee is looking at the following points:

1. Public health (e.g., dissemination of vaccine -- prioritization and logistics; how to educate the most at-risk communities to build community confidence and answer their questions);
2. Human capital (e.g., K-12 education, universities, worker retraining);
3. Physical capital (e.g., physical infrastructure; land use, including how state land is used; construction);
4. Financial capital (e.g., state budget and tax policy); and
5. Business policy (e.g., positioning the State from a regulatory standpoint; stimulating the economy; making Hawaii a good place to work and live).

Many different ideas and concepts can fall under these five areas.

Dr. Mugiishi remarked that now the virus is under decent control in Hawaii, the State must remain vigilant and begin focusing on economic recovery. When the State has a program (i.e., the pre-travel testing program) that is working really well, it should be enhanced, not worsened.

Mr. Ho liked Mr. Vara's plan, which contains strategic initiatives, is high-level, and broad (many things can fit under the categories).

Dr. Bonham commented that the high-level nature of the plan allows for discussion on what are the things that matter that can help Hawaii's economy recover in the medium and long term. In the short term, public health is primary, followed by safely reopening tourism. Human capital, without a doubt, distinguishes economies from each other. It is important that we do not decimate public education and that we get children safely back to school as soon as possible. With respect to physical infrastructure, are there public lands that could be sold to help with the

state budget and used for affordable housing? These projects are near-term and long-term investment. We need to keep the discussion at a high level, get the basics done right, and not focus on pet projects.

E. CARES Funds Subcommittee Report by Lauren Nahme was deferred

### III. CLOSING REMARKS AND ANNOUNCEMENTS

Speaker Saiki reiterated that it has always been the position of the members of the Committee that public health and safety are the top priority. The health of the people of Hawaii will lead to a healthy economy for the State.

Speaker Saiki recommended trying to hold a special meeting of the Committee on Monday, November 30, 2020, and invite the Governor and the mayors. Notice will be given if this special meeting goes forward.

### IV. NEXT MEETING

Otherwise, the next Committee meeting will convene on Monday, December 7, 2020, at 10:00 a.m. via videoconference.

### V. ADJOURNMENT

The Committee adjourned at 11:02 a.m.