

“A VISION FOR HAWAI‘I’S FUTURE”

INTRODUCTION

Aloha and good morning.

First Lady, Lt. Governor, Madame Speaker, Senate President, OHA Chair, Chief Justice, County Mayors, colleagues, members of the cabinet, distinguished guests, and all the people of our state — ALOHA.

Before I begin, I’d like us to share a moment of silent reflection, to honor those who have lost their lives as a result of the domestic conflicts on the mainland, especially those in Minnesota in recent days. No matter what our political ideology, I believe we should all pray for and work toward peaceful engagement in our nation.

First, I want to thank the people of Hawai‘i — for allowing us to work for you, asking us to fight for you, and trusting us to serve you.

I also want to thank my colleagues in the Legislature for working together to accomplish so many things for our state over the last three years.

Today, I want to share with you our vision for Hawai‘i’s future — what’s ahead of us, what we can hope for, and what we can achieve as a state in the coming years if we keep working together.

Three years ago, we came into office with a commitment to take on our biggest challenges as a state, and the issues that Hawai‘i families care about the most — the high cost of living, the lack of affordable housing, and the problem of homelessness.

You told us what really mattered to you, and we heard you.

And after the devastating wildfires on Maui, we came together to begin the long road to recovery.

Now it’s time to look forward — toward a vision of the future that lies ahead of us, but remains firmly rooted in our history and our values.

A vision of a future where Hawai‘i families can afford to live, raise their children, and care for their kūpuna and where we protect our ‘āina.

Today, I want to share that vision with you.

First, let’s talk about the COST OF LIVING.

When we came into office three years ago, too many families were having to make heartbreaking decisions — like choosing between paying rent and buying groceries, or between staying in the islands they love and leaving for the mainland.

Too many young people didn't see an economic future for themselves in our state.

So we made affordability a top priority and we acted quickly.

In our first year, we doubled the earned income tax credit and the food tax credit, and increased the child and dependent care credit — saving Hawai'i families about \$88 million per year in taxes and making our state a little more affordable.

Then, working together with the Legislature, we delivered the largest income tax cut for Hawai'i families in our state's history — and we did all of this while protecting the state's long-term fiscal health.

We reduced spending by \$1 billion in 2023 and by another \$500 million in 2024, without cutting needed services — and we grew our rainy day fund to \$1.5 billion.

That's what responsible government looks like — lowering taxes for working families without cutting services, and spending carefully.

We also took important steps to ensure food security for families in need.

We protected Hawai'i SNAP benefits during the federal government shutdown by providing a \$250 one-time temporary benefit per recipient within 10 days, to ensure local families were not affected by food insecurity over the holidays — and we launched Sun Bucks to provide summer food benefits to eligible children statewide.

I'd like to recognize the First Lady for her work and leadership on an issue that touches thousands of families every single day — making sure our keiki don't go hungry at school. Thank you, Jaime.

Because of that work, more than 11,000 students in need now have their meals covered — and next year, that help will reach families earning up to 300% of the federal poverty level.

That means more kids coming to class fed, focused, and ready to learn — a small investment that will truly help these students and our entire state.

I also want to thank the Lt. Governor for her important work on expanding pre-school access statewide, which will help bring down the cost of childcare for everyone in Hawai'i. Thank you, Sylvia, for being a good partner.

These policies have made a real difference in the lives of our young people across our state. We also have to consider ways to help our kūpuna.

Many elderly individuals have told me they live alone on a fixed income.

They've sometimes had to skip meals — not because they weren't careful with money, but because grocery prices rose faster than their budget, and they had to choose between paying for their medication and buying food.

Through SNAP enhancements, they were connected to stable food support — and even provided with prepared meals through a community partner.

Now they have food security, a better health outlook, and no longer have to ration meals in their own home.

That's the real measure of what we are doing here — security, health, and dignity for our kūpuna and our most vulnerable.

But the cost of living in our state is still too high, for too many people.

So in 2026 and in the coming years, we will keep finding ways to make living in Hawai'i more affordable.

In 2025, the federal government's severe cuts and other actions took over \$3 billion out of our state's economy, leaving us with an unforeseen budget shortfall.

So to meet all of our responsibilities and our commitment on affordability, I am proposing that there be no changes to our tax cuts in 2026 – these and all previous tax cuts will be completely preserved — but that we pause the tax cuts planned for 2027 through 2029.

This proposal will bring back \$1.8 billion for critical services — \$600 million of which I propose must be used for food security and child care needs.

This is the fairest, most responsible, and most compassionate approach to dealing with the challenges the federal government has created.

And this approach will fulfill our pledge to cut taxes without cutting needed services — and it will protect the historic tax reforms for those who need them the most.

We will expand SNAP matching programs to make local produce more accessible.

We will increase affordable child care support for working parents — so families can work and still be there for their kids.

We will continue to strengthen our statewide food security plan — expanding regional kitchens and food hubs, and improving emergency preparedness for disasters and supply disruptions.

By making responsible decisions like these, we will continue building a Hawai'i where families don't just get by, but thrive — and where our kūpuna can live out their days with dignity and security.

Now let's turn to HOUSING.

In December 2022, Hawai'i was facing the highest housing costs in the nation — and a shortage estimated at 50,000 housing units statewide.

Too many young people couldn't find rentals, too many working families couldn't buy homes, and Native Hawaiians were still waiting — sometimes for generations — to receive land that was promised.

And we knew that the problem wasn't just too few housing units.

It was a system that had become too slow, too complicated, and too expensive — a maze of permitting, bureaucracy, and outdated rules that made building housing harder than it had to be.

So we took action.

I signed emergency housing proclamations to cut red tape and move projects faster, and we immediately approved over 10,000 new units of low-income housing.

Over the past 18 months, those exemptions helped approve or accelerate nearly 7,000 affordable units statewide.

Working with the Legislature, we delivered the most significant housing regulatory and zoning reforms in over 40 years — so we can keep building at the scale our people need.

Today, these actions are paying off.

We are building new housing in Hawai'i at a scale not seen in decades.

We have entitled over 5,500 affordable units, and more than 6,500 affordable units have come online since we took office.

Over the next decade, more than 20,000 additional homes are planned on state lands — and we are tracking over 62,000 housing units across more than 250 projects statewide, including 46,000 affordable homes.

The Department of Hawaiian Homelands has also seen an historic expansion, with more than 2,500 homestead leases that DHHL granted in 2025 — **the most awarded in a single year in its 100-year history.**

In 2026, the number of leases awarded will grow to more than 7,000.

But housing is not just about the number of new units, it's about the individual lives impacted.

Like Jade Mapuana Riley — who spent 37 years on the Department of Hawaiian Home Lands waitlist.

When Jade found out she was finally getting a homestead, she cried.

Like many families, she had tried to build a future elsewhere — even buying a home on the mainland — but her heart was always here.

Today, Jade has a five-bedroom DHHL home — supported by a low-interest loan — and her family has the financial stability to plan, save, and build a future here in Hawai'i.

That's what it means to honor a promise.

But we know that building alone won't solve this challenge.

We also have to return more homes to local families — including short-term rentals that have taken too many units off the market.

So in the coming years, we will support the counties as they bring more short-term rentals back into the housing market — so that more homes go to local families, not absentee investors.

We will deliver at least another 10,000 new homes this way.

We will fund Phase 2 of the 99-Year Leasehold Program on O'ahu.

We will continue redeveloping public housing like Mayor Wright Homes through Ka Lei Momi.

We will expand the use of state lands for workforce housing — so teachers, nurses, and firefighters can afford to live where they work.

All of these actions will help bring down the cost of housing for everyone in our state in the coming years — and we will continue building a Hawai'i where every family can afford a place to call home, stay here, and raise their kids in the islands where they grew up.

Now I want to discuss HOMELESSNESS.

At the end of 2022, Hawai'i faced the second-highest rate of homelessness in the country — more than twice the national average — with over 6,000 people unhoused.

The old approaches — sweeps, short-term fixes, and over-reliance on emergency rooms — were not solving the problem, they were just recycling it.

As an ER doctor, I've seen what that cycle looks like.

Too often, people could only get care in the emergency department — at an average cost of \$82,000 per person per year — and then they were discharged right back to the street.

That's not humane — and it's not smart policy.

So we adopted a new approach — the idea that housing is healthcare.

We began breaking that cycle by placing the unhoused individuals into dignified, supportive communities of tiny homes — especially after hospital discharge — reducing costs dramatically and helping stabilize people's lives.

We began breaking the terrible cycle of homelessness — and the results are real.

We cut through red tape with an Emergency Proclamation on Homelessness, and we scaled up the number of kauhale villages — communities of tiny homes with shared areas for cooking, recreation, and growing food.

A recent report found healthcare costs averaging over \$8,000 per month for people experiencing homelessness, dropped by 76% to less than \$2,000 per month after being placed into permanent housing.

That means lives radically improved — and taxpayer dollars saved.

When I took office, there was just one kauhale — which we built when I was serving as Lt. Governor.

Today, we have opened 25 kauhale villages statewide, providing nearly 1,000 beds — with a total of 30 villages planned to be opened by the end of this year.

We have made the largest investment in reducing homelessness in Hawai'i state history, and built more housing units for the homeless than any previous administration.

But more than any other issue, homelessness is not about numbers — it's about the human lives that have been touched and transformed.

Let me tell you about Julia.

She lost her only child and her father on the same day — and grief overwhelmed her.

After more than a decade of sobriety, she relapsed — and became homeless.

She felt broken, alone, and lost.

Finding a kauhale changed everything for Julia.

With a safe home, therapy, and supportive community, she finally had space to heal and rebuild.

Today, Julia is sober.

She works as a cook in a nursing home, pays her own rent, and has become a source of strength for her nieces.

Her message to others facing hardship is simple:

“Don’t give up — keep showing up. If one thing doesn’t work, try something else. Try, try again.”

Julia, we are incredibly proud of you, and we are listening — your message is our approach to homelessness in our state.

So in 2026 — and over the coming years — we will continue investing \$50 million per year to expand kauhale villages statewide.

We will provide \$10.8 million to strengthen Family Assessment Centers and Housing First programs, rapid re-housing, outreach, and civil legal services.

We will keep integrating mental health care and addiction treatment into our homelessness strategy — because housing stability and behavioral health have to go together.

And our goal remains to cut chronic homelessness in half by the end of this year, and in half again in the next four years — by treating people with basic human dignity.

Now let’s talk about JOBS AND ECONOMIC GROWTH.

In late 2022, Hawai‘i was still recovering from the economic shock of the pandemic.

Tourism had begun to return, but too many local families were struggling.

Too many young people looked at wages, rent, and job opportunities in our state — and concluded that leaving was the only way to build a better life.

Our team refused to accept that.

Our vision has been to build an economy that works for all of our people — not just for a privileged few.

An economy where working families can afford to stay here, where local talent can grow, and where there is real economic opportunity in our state.

Over the past three years, we've taken action to strengthen our economy — with policies that cut taxes while stimulating investment in housing, healthcare, and energy — and we are seeing clear results.

Our transformational energy plan reduces our dependence on oil, lowers our carbon footprint, and grows our economy as we transition to fully renewable sources in the coming years while reducing energy costs for everyone in Hawai'i.

Hawai'i now has the third-lowest unemployment rate in the nation.

Our GDP is forecast to be 5% higher in 2025 than in 2019, personal income is forecast to be 11% higher, and visitor spending per traveler is now the highest ever recorded.

And we've worked to diversify our growth — investing in career pathways in healthcare, conservation, construction, education, and the creative industries.

That means supporting organizations that create opportunities here at home.

For example, when Kupu's federal AmeriCorps dollars were suddenly frozen, state support helped keep conservation and career training programs running for local youth — young people who were counting on that paycheck and that path forward.

When we helped keep that pipeline open, we didn't just preserve a program — we preserved a future here for thousands of local kids.

We also know that the creative economy can be a powerful engine for local jobs — when it's designed to hire and train local people.

That's why, in 2026 and beyond, we will expand stackable film tax credits for productions that hire local crew and talent — with a proposal to remove the credit cap

for large productions spending \$60 million or more in Hawai'i, including streaming service productions for the first time.

We will support construction apprenticeships tied directly to affordable housing projects — building homes and building careers at the same time.

We will create public-private workforce pathways in healthcare, energy, and education — sectors where jobs are growing and where communities need workers.

That's the future we believe in and are working to build — a Hawai'i where local kids don't have to leave our islands to succeed, because we've invested in creating real opportunities here at home.

But we must never lose hope as these policies take effect — creating new jobs, growing our economy, and yielding greater and greater results in the coming years.

Now let me turn our attention to the ENVIRONMENT.

Climate change is already reshaping our islands — with stronger storms, coastal erosion, and devastating drought.

And we knew something else.

In Hawai'i, the environment is NOT a “special interest.”

It's our home. It's our water. It's our food. It's our culture — and protecting it is our kuleana.

So we took immediate steps to protect our most precious resource — clean water.

Six months ahead of schedule, we safely removed 104 million gallons of fuel at Red Hill — **and we are shutting down Red Hill for good, so that it can never again threaten the health and safety of our people.**

We increased our real-world readiness — updating emergency siren protocols, re-establishing the State Fire Marshal, and deploying wildfire and wind sensors statewide for early alert capabilities.

We also made historic progress by expanding land use for local agriculture and ranching, watershed protections, and drought resilience across our islands — by taking responsible actions to protect critical pasturelands, native forests, and hunting areas.

These steps proved our commitment to protecting the environment and investing in climate security in the coming years — but we didn't stop there.

Working with the Legislature, we passed the nation’s first “Green Fee” — the largest dedicated source of revenue to fund climate action and environmental protection in Hawai‘i state history, and the first of its kind in the country.

By increasing the TAT by just 0.75% starting this year, we will generate over \$100 million annually for investments in climate action, conservation, and resilience.

We also formed an environmental advisory council led by Jeff Mikulina to help guide our comprehensive strategy for resilience, mitigating climate risk and supporting sustainable tourism.

And we did this with full transparency and community input.

Over 600 community proposals came in for environmental projects, reflecting local priorities for natural resources, resilience infrastructure, and managing visitor impacts.

In practice, this means funding for restoration projects that protect reefs and shorelines, watershed work that safeguards drinking water, and wildfire mitigation that helps keep communities safe.

In the coming years, we will continue to expand wildfire prevention and preparedness — including sensor networks, defensible space planning, and coordinated community readiness.

We will partner with schools and nonprofits to train the next generation of climate stewards — because the work of mālama ‘āina belongs to all of us, now and forever.

Our vision is for a Hawai‘i that leads the world in climate resilience — meeting our commitments and protecting our land, our water, and our way of life for future generations.

HEALTHCARE is an issue that affects all of us.

Three years ago, our state faced a crisis in healthcare access — especially on the neighbor islands.

We had a serious provider shortage, with an estimated unmet need of 757 physicians statewide.

Patients were waiting too long to see a doctor, or skipping care altogether.

So we did something about it.

We launched the Healthcare Education Loan Repayment Program — HELP — a state-funded initiative providing educational loan repayment for more than 900 providers licensed or certified to practice statewide in Hawai'i.

We also dedicated more state and federal funds to raise Medicaid rates — improving care for almost 400,000 of the most vulnerable people in our state.

But healthcare is not just about hospitals and providers — it's about affordability.

That's why I am committed to protecting health coverage for Hawai'i families.

I am including \$16.5 million in our proposed 2026 budget to cover the cost of the enhanced ACA tax credits for everyone in Hawai'i currently using them to buy insurance — to help keep coverage affordable for our families, seniors, and children.

Years ago — before the ACA subsidies existed — when I was working as an ER doctor, a mother once confided in me that she only gave her daughter asthma medication half as often as recommended.

She said she couldn't afford to use the full dose and needed to make it last twice as long.

I asked her what they would do if her daughter got sicker and couldn't breathe.

She told me that they would then decide as a family whether to go to the emergency room and pay that cost and be forced to skip paying the next month's rent and ask for mercy from their landlord.

No family in Hawai'i should be forced to make those kinds of choices — but if we allow the ACA subsidies to expire in Hawai'i, stories like this will become common.

In 2026 — and in the coming years — we will continue to improve healthcare access and affordability by expanding the HELP initiative to hundreds more providers across the state.

And I am proud to announce that — just a few weeks ago — we successfully fought for and won nearly \$190 million in federal funds for fiscal year 2027, as part of the Rural Health Transformation Program.

Over the next five years, this program will bring nearly \$1 billion to modernize rural access to care, grow our economy, and create thousands of good jobs across our state.

The actions we have taken on Medicaid, Rural Healthcare Transformation, and ACA subsidies will lower the cost of healthcare for everyone in our state.

Because in Hawai'i, we believe that healthcare is a basic human right, not a privilege for just a lucky few.

We are building a healthcare system that reflects our values: compassion, fairness of access, and the human dignity of care for every person.

Now let me update you on the MAUI RECOVERY.

On August 8, 2023, the people of Maui lived through one of the deadliest disasters in Hawai'i's modern history.

From the beginning, our job has been to get people housed and fed, keep families together, and stand with Maui for the long run.

We mounted an unprecedented emergency response — delivering housing, healthcare, and food support at a scale never seen before in Hawai'i.

The state and its partners provided more than 6,800 temporary housing solutions for survivors.

We created the Maui Interim Housing Plan — a \$500 million effort to create a pool of more than 3,000 housing units — while building more than 1,200 temporary units and providing direct rental assistance for over 5,600 displaced people.

And working with our congressional delegation and federal partners, we have provided over \$2 billion in federal disaster relief to support housing and recovery.

In total, the Maui recovery effort represents the largest coordinated humanitarian response in Hawai'i state history.

But recovery is more than dollars invested — it's the moment when a family gets house keys again.

Zoe is a mother of two who was born and raised in Lahaina — and after she lost her home in the Maui wildfires, she was afraid she would never be able to return.

Her family was forced to relocate to the Big Island.

They felt uncertain about their future, disconnected from their Maui community, and unsure whether they'd ever find the stable housing that would allow them to come home.

Then we opened Ka La'i Ola — "The Place of Peaceful Recovery" — a temporary housing community that includes 450 homes, along with gathering spaces that offer healthcare and case management.

When a home opened at Ka La'i Ola, Zoe and her family moved in — and they found the stability and support they needed.

The community has given them belonging, safety, and a pathway back to Maui while they work toward permanent housing.

Her kids love their new community — and Zoe has returned to work, and remains a source of positivity and resilience, and an inspiration to others.

That is what recovery looks like — coming home, healing, and building community again.

So in 2026 and in the coming years, we are committed to delivering another 1,200 interim housing units to help keep families stable while permanent rebuilding continues.

And today, I am announcing that we will support the rent for those in transitional housing into 2027 to give them a little more time to rebuild their lives.

We will start construction and financing pathways for more than 2,200 permanent homes over the coming years, including 685 affordable units.

We will continue statewide fire mitigation — including sensors, emergency warning improvements, and coordinated readiness — so we never again have to relive this tragedy.

And we will preserve Lahaina's cultural identity — rebuilding in a way that honors place, history, and community.

Our commitment to Maui endures — and stories like Zoe's remind us that recovery, rebuilding, and healing are possible.

So today, I am proud to report to you that after three years of overcoming enormous challenges together, the state of Hawai'i remains strong and resilient.

I am proud of the progress we've made together over the past three years.

We passed the largest income tax cut in our state's history.

We made record investments in affordable housing.

We built more kauhale villages than ever before to reduce homelessness.

We launched the HELP initiative to bring doctors and nurses back into our communities so our people can get the care they need.

We protected our water and land.

And we are working to lower the cost of housing, healthcare, and energy for everyone in our state.

But there is still so much more work to do in the coming years.

Today, we've shared a vision of what that work looks like — and the future we aspire to.

A future where working families can afford to live, raise their children, and care for their kūpuna.

A future that puts our shared values into action — the values of aloha, 'ohana, and kuleana — our commitment to care for our land and our people.

Compassion for those in need, tolerance for others, and respect for basic human dignity.

A future where every family in our state can afford housing and healthcare.

A future where no child goes hungry.

Where chronic homelessness as we have known it for decades can be virtually eliminated.

Where our kūpuna live out their days with respect and security.

A future where our economy grows, we create new jobs, and build new housing — but we also protect our environment, remember our history, and defend our cultural heritage.

And we will not stop working, we will not stop fighting, and we will not stop dreaming, until all of us —

Every young graduate, every family, every keiki, every kupuna and every person struggling or who feels left behind...

Until every one of us, together, reach that place we can see just ahead —

Our Hawai'i — a home that is more hopeful, a place where our values guide us, and where we always find a way forward together, as one 'ohana.

Mahalo.