

as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as **H. C. R. No. 31, H. D. 1.**

Signed by all members of the Committee.

SCRep. 547-72 Lands on S. C. R. No. 33

The purpose of this concurrent resolution is to urge the Department of Land and Natural Resources to initiate programs provided by Act 74, Part I, Section 1, Session Laws of Hawaii 1963 as a means of reducing the unemployment crisis which has plagued the State for a period of more than three consecutive months; giving priority to Maui because of its extremely high unemployment rate.

Your Committee on Lands concurs with the intent and purpose of **S. C. R. No. 33, S. D. 1**, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 548-72 Public Institutions on S. C. R. No. 26

The purpose of this concurrent resolution is to request the Progressive Neighborhood Office under the Governor, to coordinate a feasibility study looking towards providing shelter care for youth.

The need for adequate and appropriate residential or shelter care facilities and programs has long been a prime concern of child welfare workers, mental health personnel, court workers and numerous other people who deal with the multiple problems of young adults, adolescents and younger children. These people all agree that the community needs a varied and balanced system of shelter care facilities and programs in order to cope with a variety of behavioral and environmental problems, and with specific needs characteristic of males and females and of certain age groups. There are, on the other hand, differences of opinions in the kinds and types of shelter care facilities and programs needed.

Your Committee on Public Institutions concurs with the intent and purpose of **S. C. R. No. 26, S. D. 1** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 549-72 Judiciary on H. B. No. 2039-72

The purpose of this bill is to adopt the Uniform Consumer Credit Code. The general purposes and policies of the Code are set forth as:

(a) To simplify, clarify and modernize the law governing installment sales, consumer credit, small loans and usury;

(b) To provide rate ceiling to assure an adequate supply of credit to consumers;

(c) To further consumer understanding of the terms of credit transactions and to foster competition among suppliers of consumer credit so that consumers may obtain credit at reasonable costs;

(d) To protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit, having due regard for the interests of legitimate and scrupulous creditors;

(e) To permit and encourage the development of fair and economically sound consumer credit practices;

(f) To conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act; and

(g) To make uniform the law, including administrative rules among the various jurisdictions.

The Uniform Consumer Credit Code was promulgated by the National Conference of Commissioners on Uniform State Laws and approved by the House of Delegates of the American Bar Association in 1968. The Code has been enacted in six states—Colorado, Idaho, Indiana, Oklahoma, Utah, and Wyoming—and is under study in the majority of the remaining states by bodies such as your Committee.

The Code is proposed as a comprehensive treatment of most aspects of consumer credit, both consumer credit sales and consumer loans as well as consumer leases. Business transactions are not within the scope of the Code under the reasoning that businesses are generally in a satisfactory bargaining position in relation to grantors of credit whereas consumers stand in special need of legislation to protect their interests. The Code distin-

guishes consumer transactions and business transactions primarily on the basis of the debtor involved. If the debtor is a natural person, in most cases the Code applies. If the debtor is an organization, generally the Code does not apply. Since a certain amount of business is done and debt is incurred by natural persons as sole proprietors, a further purpose test in defining a consumer transaction is provided—the sale, loan, or lease must be for personal, family, or household purposes. Other limitations on the Code's coverage are that it applies only where credit is granted by a seller or lender regularly engaged in credit transactions of the same kind; it applies only if the debt is payable in installments or a credit service charge or a finance charge is made; and except in cases involving an interest in land, it applies only if the amount involved does not exceed \$25,000.

Your Committee made two changes to this bill. Section 1.203(2) was deleted entirely and a sentence to the effect that publication of notices and process as provided for in Section 601-13, Hawaii Revised Statutes, was necessary was added to Section 1.203(1). The other change was to decrease from 36 per cent to 30 per cent per year the credit service charge rate found in Section 2.201 (2) (a) (i).

The requirement of publication of notices and process as provided for in Section 601-13, Hawaii Revised Statutes, is extremely important as an adjunct to insuring the right of every person to due process under our laws.

The reduction of the maximum credit service charge rate from 36 per cent to 30 per cent per year on unpaid balances of \$300 or less was a response to the experience of the state of Oklahoma in this area. A similar reduction was effected in Oklahoma upon adoption of the Uniform Consumer Credit Code in 1969 with no adverse results.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2039-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2039-72, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 550-72 Judiciary on **H. B. No. 1755-72**

The purpose of this bill is to change Hawaii's present qualification requirements in Chapter 464 of the Hawaii Revised Statutes for registration as an architect to parallel new national requirements for architect applicants.

Your Committee heard testimony in favor of **H. B. No. 1755-72** from a representative of the Board of Registration of Professional Engineers, Architects, Land Surveyors, and Landscape Architects of the State of Hawaii. Your Committee recognizes that far-reaching changes underway in education and in the practice of architecture demand a change of the registration requirements and concur with the intent of this bill to allow additional alternate routes toward registration as an architect.

To clarify ambiguous sentence structure without changing its original intent, your Committee has amended subsection (4) of the proposed revision of HRS Section 464-8 contained in **H. B. No. 1755-72**.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1755-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1755-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 551-72 Judiciary on **H. B. No. 1781-72**

The purpose of this bill is to provide reasonable protection to a person who renders aid at the scene of a boating accident from litigation that could result for providing such assistance.

Section 663-1.5, H. R. S., affords protection to any person who renders emergency care to the victim of an accident if he acted as an ordinary prudent man. The section provides little protection for damage to property which the "good samaritan" may cause. In a boating accident, it is highly impractical in most instances to await the arrival of professional medical or salvage assistance for the injured or damaged property. Your Committee, therefore, is of the opinion that a "good samaritan" provision is needed to encourage the boatman to render assistance with respect to victims as well as damaged property.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1781-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 552-72 Judiciary on **H. B. No. 1864-72**

The purpose of this bill is to provide for a State credit union act so that residents of Hawaii may organize a credit union under the sanctions of the State.

Presently, credit unions in the State have organized under the Federal Credit Union Act since there is no State enabling legislation permitting such.

Your Committee found this bill similar to the credit union act of the State of Michigan, a bill considered progressive and innovative.

Your Committee of Judiciary is in accord with the intent and purpose of **H. B. No. 1864-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 553-72 (Majority) Judiciary on **H. B. No. 2194-72**

The purpose of this bill is to lengthen the repayment period relating to interest charges on loans made by industrial loan companies from three years to six years on all loans where the interest rate is computed at a rate not exceeding one and one-half per cent per month on the unpaid balance.

This change will also allow State chartered banks to lengthen the loan period of such loans under Hawaii Revised Statutes, Section 478-4.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2194-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representative Lee did not concur.

SCRep. 554-72 Judiciary on **H. B. No. 2260-72**

The purpose of this bill is to permit the judge of the family court to remand to the referee any case arising out of the referee's hearing if an affidavit has been filed alleging newly discovered evidence.

This bill also proposes to delete phases inconsistent with that purpose. Your Committee heard from the family court of the First Circuit on this matter.

Your Committee amended this bill by citing the existing Hawaii Revised Statutes Section 571-7 which is law rather than the HRS Section 571-7 which was repealed by Act 232 Legislature, 1965 inadvertently cited in the original bill.

Your Committee also amended this bill to provide that a referee's term of office is for a fixed period equal to that of a district court judge. Under Act 144, L. 1971 that period is for six years.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2260-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2260-72, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 555-72 Judiciary on **H. B. No. 2305-72**

The purpose of this short form bill is to provide a definition of "maintenance electrician" in H.R.S. Section 448E-1 and to permit persons who are currently licensed as maintenance electricians under an ordinance of any county of the State prior to January 1, 1972, to continue to practice their trade and qualify for renewal of their licenses without taking any further examination.

Your Committee heard from the chairman of the Board of Electricians and Plumbers and others on this and other related bills.

Your Committee amended this bill to explicitly state provisions required by Section 2 of the original short form bill.

Your Committee also amended this bill to incorporate provisions of **H. B. No. 2304-72** "grandfathering" persons holding a current

and valid electrician's or plumber's license under an ordinance of any county of the State prior to January 1, 1972.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2305-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2305-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 556-72 Judiciary on **H. B. No. 2375-72**

The purpose of this bill is to require that all safety inspections of elevators, dumbwaiters, escalators, moving walks or ramps, manlifts, and workmen's hoists or personnel hoists be performed by inspectors of the department of labor and industrial relations who are qualified elevator inspectors and to provide for specific standards of qualification, fee schedules, and wages of elevator inspectors.

Your Committee heard on this bill from representatives of the State department of labor and industrial relations, the International Union of Elevator Constructors, the Elevator Mechanics Licensing Board, the National Elevator Industry Association and a certified elevator inspector. Your Committee amended this bill to provide that the limitation of authorized inspections to those made by the inspectors of the department of labor and industrial relations shall not apply to any person who is serving as a certified elevator inspector in the State on the effective date of this act and who has also been certified in the most recent certification period by the department of labor and industrial relations.

Your Committee amended this bill further by providing that, subject to the provisions of the administrative procedures act, the department of labor and industrial relations shall adopt and promulgate rules for the regulation and periodic certification of all elevator inspectors.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2375-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2375-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 557-72 Judiciary on **H. B. No. 2500-72**

The purpose of this bill is to impose measures that will provide a degree of safety from fire by requiring that in certain buildings with automatically operating elevators, at least one elevator shall be arranged for use by firemen.

Provisions of this bill will require every owner of a five-story building with an automatic elevator to provide a key-operated switch for the emergency use of firemen. Upon operation of that switch by key, the elevator will be removed from normal service and placed at the firemen's service to the exclusion of all other calls.

After hearing on this bill, your Committee removed the restriction that every owner of a building in the State that is used as a place of public assemblage with more than three floors above or below ground shall provide that one or more elevators in such building shall be arranged for use by firemen.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2500-72** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2500-72, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 558-72 Judiciary on **H. B. No. 2510-72**

The purpose of this bill is to provide for the preservation and orderly growth of those tourist destination areas which are of national or statewide significance by providing for a planned, coordinated program for those areas.

Your Committee amended this bill to establish, within the office of the Governor, the resort preservation district review commission which shall administer this newly-created chapter.

The Department of Planning and Economic Development had originally been charged with the administration of the chapter. This would have imposed a heavy workload on the department. Preparation of plans

and engineering drawings for improvement districts, in particular, would have created the need for substantial staff increases of engineering and construction supervisory personnel. The department in hearing pointed out that it was not presently staffed to undertake such work.

Under this bill, the newly-created commission would be empowered:

1. To designate resort preservation districts.
2. To make, amend or repeal any rule or regulations including the superseding of county laws and ordinances relating to the development of areas within a resort preservation district and to the construction or improvement of lands and structures within such district.
3. To provide a general plan for the orderly development of areas within a preservation district and to provide for improvements within a preservation district.
4. To require approval by the commission of any county plans for improvement district projects, any application for improvement of any building which would increase the height of the building and the construction of any new building exceeding three stories in height.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2510-72, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2510-72, H. D. 2**.

Signed by all members of the Committee.

SCRep. 559-72 Judiciary on **H. B. No. 2571-72**

The purpose of this bill is to require that governmental agencies publish legal notices in newspapers in the counties affected by the proposed action, as well as in newspapers of statewide circulation. This would be an additional step in assuring that people who would be affected by an upcoming action would receive notice of the action.

Your Committee has amended this bill for clarity.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2571-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2571-72, H. D. 1**, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 560-72 Finance on **H. B. No. 2200-72**

The purpose of this bill (which is in two parts) is (1) to permit certain revenue bond projects for dormitories, student housing and parking facilities at the university of Hawaii (including Hilo college and Maui community college) authorized by the Capital Improvements Acts of 1970 and 1971, to be financed by reimbursable general obligation bonds, in the discretion of the governor, with interest and principal payments to be made from revenues derived from said projects; and (2) to amend the Capital Improvements Act of 1969, by providing that any reimbursable general obligation bonds issued in lieu of revenue bonds pursuant to the \$8,000,000 appropriation for university dormitory facilities shall be in addition to other general obligation bonds authorized by the Act.

The amendments proposed by this bill are intended to provide the university with a more flexible revenue bond system which may be used by the governor to take advantage of optimum bond market conditions in financing self-supporting projects of the kind to which the bill relates. This is accomplished by the issuance of reimbursable general obligation bonds, which are more saleable and command lower interest rates than revenue bonds, in lieu of revenue bonds. In turn, these lower rates may be passed on to users of the projects by way of lower fees and charges; and the revenues therefrom, which are reimbursable to the State, obviate an added tax burden.

Heretofore, this concept has been utilized in Act 193, Session Laws of Hawaii, 1969, since which, additional authorization therefore may be found in at least two different sources:

1. Article VI, section 3 of the State constitution, as amended in 1968, which permits the exclusion of certain general obligation

bonds from the determination of the State's debt ceiling, if these bonds are issued for self-supportive public projects; and

2. Act 141, Session Laws of Hawaii, 1971, amending chapter 306, Hawaii Revised Statutes, to permit the establishment of a university bond system which utilizes both revenue and general obligation bonds (as recommended by the State's bond counsel, Wood, King, Dawson, Love, and Sabatine of New York City).

Amended by section 1 of the bill are items E-38 and E-39 of Act 187/1970, and items 86, 108, 116, 117 and 135 of Act 68/1971, the appropriations to finance the undertakings of which are "continued", and for the financing of which the governor is authorized to issue reimbursable general obligation bonds. These items include student housing and parking structures on the Manoa campus, student housing at Hilo college, and dormitories at Maui community college.

Section 2 of the bill amends section 18 of Act 155/1969 by providing expressly that reimbursable general obligation bonds issued in lieu of revenue bonds pursuant to the \$8,-000,000 authorization for incremental development of university dormitory facilities shall be **in addition to** other general obligation bonds authorized by that Act. Also, amendatory language (providing for reimbursement from net revenue in case of combined undertakings), supplied by bond counsel, is added, making the provision compatible with the university bond system concept of chapter 306, as amended, aforesaid. In summary, the enactment hereof provides the governor and the university with a "flexible" means of financing the 1971 and 1972 projects, and clarifies the 1969 Act as deemed desirable by bond counsel. Your Committee was moved to amend the bill, as amended, beyond the mere technical changes which were effected herein in order to achieve the proffered purpose. However, having returned it to essentially the same form in which it was introduced, as drafted by bond counsel (which conforms to **S. B. No. 1992-72** as reported by the Senate Committee on Higher Education under **Stand. Com. Rep. No. 275-72**), your Committee hereby reports the same, accordingly.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2200-72, H. D. 1**, as amended herein, and recommends that it pass second reading in

the form attached hereto as **H. B. No. 2200-72, H. D. 2**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 561-72 Judiciary on **H. B. No. 1714-72**

The purpose of this bill is to amend Section 378-2, Hawaii Revised Statutes, to make it an unlawful employment practice for an employer or labor organization to refuse to enter into an apprenticeship agreement because of the race, sex, age, religion, color, or ancestry of an apprentice, provided that the apprentice is at least 16 years old.

Part I of Chapter 378 prohibits discrimination in employment because of race, sex, age, religion, color or ancestry and lists six practices that are specifically deemed unlawful. This bill proposes to add another unlawful practice to Section 378-2, discrimination in apprenticeship agreements.

The Federal Civil Rights Act makes it an unlawful employment practice to discriminate against an individual because of race, color, religion, sex, or national origin in admission to or employment in any apprenticeship or training program and most employers with apprenticeship programs in Hawaii are now subject to the federal law. The enactment of this proposal will, however, protect those who are not presently protected because their employers have fewer than 25 employees and are not subject to the federal law.

Your Committee agrees that any form of job discrimination based on race, sex, age, religion, color, or ancestry is undesirable and should be discouraged.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1714-72** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 562-72 Judiciary on **H. B. No. 1769-72**

The purpose of this bill is to amend the Unemployment Compensation Law to permit the appointment of more than one full-time referee to hear unemployment appeals.

Section 383-98, Hawaii Revised Statutes, presently states that "the director of labor and industrial relations shall appoint a referee". It also provides for the appointment of substitute referees when required.

The number of unemployment compensation claims and appeals has been rapidly increasing and the referee has been unable to hear all of the appeals. Within the last year, for example, the number of claims has doubled and a concomitant increase in the number of appeals has occurred. The department of labor and industrial relations in attempting to facilitate appeals has utilized the services of two substitute referees. This has not resulted in an expeditious processing of appeals as other commitments make it difficult for substitute, part-time referees to make themselves readily available. Under the circumstances, the department is of the opinion that the appointment of another full-time referee would be preferable to the use of substitutes. The Attorney General, however, has informed the department that the precise language of Section 383-98 does not permit the appointment of another full-time referee and said section should be amended before the department proceeds with such appointment.

A survey of the appellate procedure for unemployment compensation conducted in 1971 by a Federal team strongly recommended the appointment of at least another full-time referee. It also found that this would be more economical than the use of substitute referees who are compensated at \$40,000 per day and the department concurs with this finding. There would be no expenditure of state funds necessitated by the proposed amendment to the Unemployment Compensation Law as referees are compensated from Federal Employment Security funds made available to the state.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1769-72** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 563-72 Judiciary on **H. B. No. 440**

The purpose of this bill is to provide a more rational and equitable basis for the determination of values in lands which are subject to exchange.

Section 171-50, Hawaii Revised Statutes, which governs exchanges of public land, provides the four following safeguards, with respect to said exchanges:

1. The exchange must be for a public purpose;
2. Public Notice must be given prior to completing the exchange;
3. The exchange must be on a value-for-value basis; and
4. The exchange shall be subject to review and disapproval by the legislature at the session next following completion of the exchange.

Your Committee believes these safeguards to be beneficial; however, with respect to the third safeguard mentioned above, your Committee is of the opinion that paragraph (b) of Section 171-50 which provides for said safeguard is ambiguous in phraseology, fails to provide a true basis for comparison of values of the land to be received for the land to be given up, and does not permit of exchanges in instances where a minor discrepancy in values may exist. As a result of this your Committee finds that many exchanges which would have been in the public interest have been prevented, and private property owners, particularly those of limited holdings, have been unduly penalized.

Your Committee concurs with your Committee on Land's amendments to eliminate ambiguities in **H. B. No. 440** and to provide:

a. That the value of public land, as well as private land, shall be appraised according to the fair market value standard. The old concept of determining the value of the public parcel by appraisal and the private parcel by an artificial manipulation of tax assessed values is inequitable and does not afford a proper basis for comparison. It has, therefore, been eliminated in favor of a comparison of fair market value as ascertained by independent appraisals.

b. That if, upon appraisal it is determined that the value of the private land exceed the value of public land, any difference must be waived by the private property owner. Though not absolutely equitable, practical considerations involving the inability of the State to budget in advance for discrepancies in favor of the private owner require that it

resort to such a device. It is felt that no great hardship will be occasioned, however, since an exchange is voluntary in character and neither the State nor the private landowner is compelled to enter into the transaction. If the discrepancy is too great, the private owner will refuse any suggested exchange. In that event, the State must achieve its purpose through either a negotiated purchase or by condemnation. In either of the latter two instances, the State will have an adequate opportunity to budget in advance, and the private property owner should be fully re-compensated for his loss.

c. That if, upon appraisal, it is determined that the value of public land exceeds the value of the private land by not more than 20%, the exchange may be consummated upon the private owner paying to the State the difference in value. The 20% figure appears reasonable to your Committee as being consistent with the concept of an "exchange" as distinguished from a "sale-purchase" transaction. Inquiry by your Committee has elicited the information that the percentage in question has been used in the past by the Department of Land and Natural Resources and its predecessor, the Commissioner of Public Lands, with the approval of the Attorney General of the State.

Your Committee believes that property exchanged should be of equal values and, insofar as possible, or comparable use. Therefore, your Committee amended **H. B. 440, H. D. 1** to retain the first two sentences of subsection 171-50(b) which provides that the public land exchange shall be of equal value and of use comparable to that of the private land prior to the exchange, provided that if the use of private land prior to the exchange is either intensive agricultural, pasture, or special livestock, and the State has no land within the land district of comparable specific use, the board of land and natural resources may exchange public land classified in any other of the three uses set forth above.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 440, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 440, H. D. 2**.

Signed by all members of the Committee.

SCRep. 564-72 Judiciary on **H. B. No. 2144-72**

The purpose of this bill is to amend Section 183-41, Hawaii Revised Statutes, to provide that the use of land in a conservation zone for utility purposes shall not be considered as use for a "commercial purpose".

Under existing laws, a public hearing is required in every case involving proposed use of land in a conservation zone for commercial purposes. Existing laws do not clearly indicate whether or not use of land for utility purposes is use for commercial purposes.

Your Committee recommends that the change be effected. A commercial purpose, as normally construed, refers to a business established and operated by a private concern, based primarily on the profit motive. A utility company on the other hand, is quasi-public in nature and functions under franchise rights and governmental regulation as to rates and other matters.

Furthermore, your Committee has been informed with information from the Board of Land and Natural Resources that, as a matter of course, their staff initiates and conducts investigations whether or not a commercial use is contemplated within the conservation zone. These investigations are not limited to interdepartmental matters, but encompass agencies, individuals and organizations, outside the department.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2144-72** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Wong.

SCRep. 565-72 Judiciary on **H. B. No. 2249-72**

The purpose of this bill is to clarify the procedures for public hearings on amendments to the State Land Use district boundaries.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2249-72** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Wong and Aduja.

SCRep. 566-72 Finance on **H. B. No. 2536-72**

The purpose of this bill is to assure indigent defendants in criminal and related cases of legal counsel in all judicial and relevant administrative proceedings, and to expand the defender council to reflect the distribution of the State population by counties.

This bill proposes to amend Chapter 705C, Hawaii Revised Statutes, by clarifying and broadening the scope of public defender services (as provided for by Act 185, Session Laws of Hawaii, 1971) to include indigent persons arrested for or charged with a law or ordinance violation, and who may be subject to the jurisdiction of the Family Courts; indigent persons whose liberty is threatened in any mental facility; indigent persons whose probation or parole may be revoked, whose terms or conditions of detention raise legal questions in a proceeding; or whose minimum sentence or eligibility for parole is raised in a proceeding. This bill also proposes to allow, subject to review by the court, the public defender to make the determination of indigency, and subject to the approval of the defender council, the State public defender to employ such investigators as may be necessary.

Finally, this bill would expand the defender council from five to seven members and provide that the composition of the council shall reflect the distribution of the State population by counties. The latter provision will increase representatives on the defender council from two to four members; neighbor island representation will remain at the minimum of one representative member for each of the counties. In recommending this amendment to the bill, as introduced, it was the intent of your Committee on Judiciary, as stated in **Stand. Com. Rep. No. 417-72**, under which we were referred the same, that the implementation hereof will not result in the removal of existing defender council members but will solely authorize the governor to appoint two additional representatives from Oahu to the defender council.

Your Committee on Judiciary also amended this bill by adding a new section which enlarges the notification to an indigent of his right to representation, stating its belief that important legal rights may be lost unless it is possible to have legal representation at the earliest stage, and that right of representation is lost unless a person is fully aware and capable of exercising his rights.

Your Committee on Judiciary further amended this bill by proposing a new Section 705C-6.5 to provide that the attorney general may, on behalf of the State, recover payment or reimbursement from each person who has received, without being entitled to receive, legal assistance or other benefits under this act within two years after the date on which the aid was received; and by proposing a new Section 705C-13 requiring the public defender to submit an annual report to the Legislature and to each court having criminal jurisdiction in the counties that the program serves. Other amendments made heretofore are the inclusion of new sections relating to representation in state and federal courts, protections not excluded, and a severability clause.

Your Committee on Finance, as did your Committee on Judiciary, received testimonies from, and on behalf of, various interested individuals and organizations. Considering the prospective increase over current services which will be occasioned by full implementation of provisions of this bill and the costs related thereto (estimated by the public defender to run at about \$590,000 for the ensuing fiscal year) for "legal services for indigent criminal defendants", our concern is with the standards of "indigency". Your Committee notes that since formal inception of the public defender program under Act 223, Session Laws of Hawaii, 1969, charging the Supreme Court with establishment thereof, and Act 185, Session Laws of Hawaii, 1971, to the same effect, for various reasons, formal standards have not been established and different practices, as a result, prevail in the different counties.

Your Committee is not altogether satisfied that shifting the responsibility for making initial determinations of indigency to the public defender, subject, even, to court review, will resolve the problem. Therefore, following the amendment of Sec. 705C-4 in section 1(E) of the bill, we have added the following amendatory language: "The defender council shall adopt rules and regulations pursuant to chapter 91 establishing standards of eligibility according to which the public defender shall make his determination of indigency."

Other than other incidental amendments as to punctuation and style throughout, your Committee has clarified a provision under Sec. 705C-12 in section 1(H) of the bill by providing for the employment on a part-time basis of "assistant . . . defenders" (rather than

“an assistant . . . defender”). We have done so, impressed by the public defender’s representation, regarding the substantially lower costs realizable by reducing the number of private attorney appointments.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2536-72, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 2536-72, H. D. 2**.

Signed by all members of the Committee.

SCRep. 567-72 Judiciary on **H. B. No. 1670-72**

The purpose of this bill is to encourage private land developers to assist the State and its counties in meeting their objectives in providing more land for open space use.

The bill defines “open space use” as land devoted to a use for park or recreational purposes, land or natural resource conservation, or historic or scenic preservation and which is not developed primarily for agricultural, residential, commercial, or business use. To accomplish the purpose, the State or county is prohibited from acquiring the property by eminent domain proceedings for similar open space use for the public if the developer files a statement declaring that the property is devoted or will be devoted to open space use.

The bill provides that in the event a change in open space use of the property is contemplated by the owner, the State or county shall be permitted to acquire the property within two years after the owner by notice expresses his intention to change the use of his land. The acquisition price by the government is to be based on the assumption that the open space use of the property will be continued by a private purchaser.

The “incidental facilities for commercial or residential activities” permitted within the property devoted to open space use are the amenities that are usually and commonly appurtenant to that open space use such as club house and service concessions in connection with a golf course, or cabins and service concessions in connection with a camping facility or a riding academy.

Your Committee upon consideration of the matter has amended the bill in the following particulars:

(a) By providing that the statement of the owner shall include a covenant in favor of the state that the property is subject to the terms and conditions of the bill and a covenant that in the event that the government shall acquire the property for open space use under the bill, the owner shall stipulate in any eminent domain action that the highest and best use of the property at the time of taking is for open space use.

(b) By making other non-technical style changes to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1670-72, H. D. 1** as amended herein, and recommends its passage on Second Reading in the form attached hereto as **H. B. No. 1670-72, H. D. 2** and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 568-72 Judiciary on **H. B. No. 1751-72**

The purpose of this bill is to amend Hawaii Insurance Law Sections 431-420(e) and -420(f)(8) to facilitate and encourage the availability of so-called “package” or multi-peril policies covering commercial risks. These provisions which presently require separability of premiums and cancellation as to the component parts of the total coverage effectively prohibit the marketing of commercial multi-peril policies in Hawaii. This Bill will repeal these prohibitions.

Act 57, Session Laws of Hawaii 1971, eliminated the prohibitions for homeowners policies. Thus, Hawaii homeowners are now able to purchase an all-risk, single-premium policy protecting against loss from fire, liability, theft, etc. This Bill will extend the same opportunity for comprehensive coverage at maximum premium savings to Hawaii businessmen on their commercial risk exposures.

Your Committee has heard testimony that commercial multi-peril policies have been available in most states for over 15 years. National acceptance of these “package” policies by businessmen is evidenced by an increase in countrywide premiums written for this coverage from \$55.6 million in 1960 to \$1.1 billion in 1969. The Department of Regulatory Agencies has reported that Hawaii is the only State in the United States effectively prohibiting businessmen from ob-

taining the advantages of broader coverage, premium savings, and better claims services via commercial multi-peril policies.

Your Committee on Judiciary is in accord with the intent and purpose on **H. B. No. 1751-72** and recommends that it pass Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 569-72 (Majority) Judiciary on **H. B. No. 1969-72**

The purpose of this bill is to permit the acquisition of personal property by eminent domain proceedings. Chapter 101 of the Hawaii Revised Statutes restricts such proceedings only to real property. The bill enlarges existing law by allowing the taking of personal property whenever a public agency condemns real property used for agricultural purpose for public use; provided, in connection with the use of the condemned real property the taking of the personal property is deemed necessary or convenient by the public agency. The bill also permits the negotiated purchase of personal property under threat of condemnation.

Your Committee amended this bill to clarify requirements and procedures to place them in consonance with legal procedures and constitutional mandates. Your Committee has provided that just compensation must be paid for personal property taken under the provisions of this bill. Further, your Committee provided that if an action is initiated for the taking of real property, an action for the taking of the personal property which is on or used with the real property must be joined to the original action.

Finally, your Committee amended this bill to provide that the private personal property which the State of county may take must have been permanently upon or used in connection with the real property being taken.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1969-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1969-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representative Carroll did not concur.

SCRep. 570-72 (Majority) Judiciary on **H. B. No. 2373-72**

The purpose of this bill is to require vertical transportation for any worker on a project of erecting or remodeling a structure which is sixty feet or more and also to require that all work with respect to such vertical transportation is to be performed by an elevator mechanic under Chapter 448H.

This bill also provides that the vertical transportation required by this section shall be either a temporary construction elevator or a workmen's hoist or a personnel hoist installed, maintained, and operated in compliance with Chapter 376 and the rules and regulations thereunder. Your Committee amended this provision to note that, when an elevator having automatic operation, certified for safety, and permanently located in such structure is available, the provisions of subsection (b) of the proposed section is inapplicable.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2373-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2373-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representatives Wong and Roehrig did not concur.

SCRep. 571-72 (Majority) Judiciary on **H. B. No. 2506-72**

The purpose of this bill is to provide for the staggering of terms of office of members of the Senate of the State of Hawaii.

The staggering of terms of office will place approximately one-half of the offices of members of the Senate open for an election of a new member every two years. Under our present law, all senators are up for election every four years. The concept of staggered terms of office of members of the Senate is long established in our society as one means of assuring a Senate responsive to its electorate and of assuring an orderly transition of members and work of the legislature. While the Senate of the United States has long had staggered terms of office enforced among its members, in Hawaii the difference in number

of Senators between senatorial districts has delayed the staggering of terms of office of members of the Senate of the State of Hawaii.

Under the provisions of this bill as introduced, all senators from any given senatorial district would be subject to re-election together. This would not assure the continual representative responsiveness of at least one senator to a senatorial district.

The implementation of this bill would also penalize senators elected from even-numbered senatorial districts because provisions of this bill would arbitrarily limit their term of office to two years; whereas, senators from odd-numbered senatorial districts would hold office for a four-year term.

Your Committee amended this bill to provide an equitable implementation of the concept of staggered terms for senators in Hawaii based upon the number of votes received in the 1974 general election. As amended, this bill will provide for the initial staggering of terms by designating the senator or senators receiving the highest number of votes of all the elected senators in his senatorial district to a four-year term. Thus, in a senatorial district entitled to elect four senators, the two senators receiving the highest number of votes will receive four-year terms in the 1974 election. In that same district, the two senators receiving the lowest number of votes of elected senators in the 1974 general election will be elected to a two-year term. In a senatorial district entitled three senators in the 1974 general elections, the two senators receiving the highest number of votes of elected senators will be elected to a four-year term, and the third senator receiving the lowest number of votes of elected senators will be elected to a two-year term. If a senatorial district is entitled to elect only one senator, the elected senator will be elected to a four-year term. All senatorial elections thereafter will be for four-year terms which will be staggered within any given senatorial district every two years, with the exception of a senatorial district entitled to elect only one senator.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2506-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2506-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Aduja. Representatives Duponte and Lee did not concur.

SCRep. 572-72 (Majority) Judiciary on **H. B. No. 2120-72**

The purpose of this bill is to protect health and safety of non-smokers.

The Hawaii Revised Statutes is amended by adding a new chapter or section allowing operators and owners of private business to prohibit smoking on their premises or parts of their premises without being held liable.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2120-72** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Wong. Representative Lee did not concur.

SCRep. 573-72 Judiciary on **H. B. No. 2374-72**

The purpose of this bill is to clearly define an apprentice elevator mechanic, to clarify the language of H.R.S. Section 448H-7 regarding the issuance of the temporary permit, and to specify the types of work done by a person defined as an "elevator mechanic".

Your Committee heard testimony on this bill from the State Elevator Mechanics Licensing Board, the International Union of Elevator Constructors, the National Elevator Industry Association and others.

Your Committee concurs with the testimony of the State Elevator Mechanics Licensing Board which notes that these changes are an improvement to the Elevator Mechanics Licensing Law.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2374-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 574-72 (Majority) Finance on **H. B. No. 2255-72**

The purpose of this bill is to amend the workmen's compensation law to insure the

solvency of the workmen's compensation special compensation fund for the calendar years 1972 and 1973. This bill proposes to accomplish the purpose hereof by taking the following steps:

1. Remove the present individual employer maximum aggregate liability for income and indemnity benefits of \$35,100 for a single industrial accident as provided for in Secs. 386-31 and 386-32.

2. For the calendar year 1972 only, require insurance carriers to pay a special assessment (surcharge) of $\frac{3}{4}$ of 1% on gross workmen's compensation insurance premiums written by carriers in the calendar year 1971.

3. For the calendar year 1972 only, require employers not insured under Sec. 386-121(a) to pay a special assessment (surcharge) equal to the special charge as defined and in accordance with the provisions of Sec. 386-154.

Your Committee is cognizant of the serious financial conditions of the special compensation fund, and feels that repeal of the maximum aggregate liability of employers will result in:

1. the employer or his insurance carrier accepting full and total continuing liability for such cases as permanent disability benefits.

2. no further new beneficiaries being paid from the special compensation fund for such continuing benefits resulting from permanent total disability, thereby reducing the demands made upon the fund.

Your Committee emphasizes that the surcharge is a one-time only assessment to cope with benefit payments from August 1972 through March 1973.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2255-72, H. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee except Representative Wong. Representatives Ajifu and Fong did not concur.

SCRep. 575-72 (Majority) Finance on H. B. No. 2514-72

The purpose of this bill is to amend chapter 46, Hawaii Revised Statutes, covering

general provisions relating to counties, by adding a new section entitled "Improvement districts, initiation by the State", providing, in effect, that the legislative bodies of the counties shall, upon petition of the department of transportation, define and establish improvement districts "according to applicable assessment statutes or ordinances," for improvements proposed by the department of transportation.

The bill requires that the petition of the department include all "necessary" plans and data, and that upon receipt thereof, the county shall proceed "in the same manner" as though the proposed project **had been initiated by the county**, and provided that protests thereto shall not permit the county to abandon, change or modify the plans without written consent from the department.

Finally the bill provides that the department of transportation shall assume (except for "water works" costs) the costs of the improvement; provided that the costs allowable to lands owned by the county (or board of water supply) shall be paid accordingly. Estimated costs shall be deposited with the county, and the exact cost to be borne by the department shall be made "upon the determination of the actual cost of the construction or improvement."

In short, according to the director of transportation, who believes it "has merit", the "idea (is) using improvement districts to accomplish some of the projects that may be authorized by the Legislature"

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2514-72** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee. Representatives Wong, Yim, Ajifu, Fong and Oda did not concur.

SCRep. 576-72 Judiciary on H. B. No. 1965-72

The purpose of this bill is to prevent, for a period of one year, the reconsideration of any petition that has been decided adversely for the petitioner by the land use commission. Even after the year has elapsed, reconsideration of a petition on the same matter may be granted only upon a showing of changed circumstances.

Under existing laws, petitions are generally submitted by developers to change the zoning of an area or to seek a variance. When these petitions are denied, the petitioners are allowed to reapply within a relatively short period of time. Such a practice has resulted in the loss of many hours and much cost to the City and County and State governments and to individual citizens in the consideration and processing of repetitious applications that may have been disapproved for good reason.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1965-72** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 577-72 Labor on S. B. No. 25

The purpose of this bill is to provide for mandatory minimum prepaid health care protection for employees in private employment in the State.

The bill extends the required prepaid health coverage to substantially all regular employees in private employment, excluding:

(1) Federal employees who, for constitutional reasons, cannot be reached by the bill's contributory scheme of financing;

(2) State and county employees who already have available prepaid group health coverage on a contributory basis and who are represented by various collective bargaining units; and

(3) Employees who are 65 years of age or older and are covered by medicare.

For the purposes of the bill, a regular employee is an individual in the employ of any one employer for at least 20 hours per week, with the required coverage to begin after four weeks of such employment.

Eligibility extends to all employees who receive at least an annual wage of \$1,680 or a monthly wage of \$140 from their regular employers. These amounts reflect the existing minimum wage standards and are consistent with the medical assistance standard of \$135 monthly for single adults.

In addition, certain groups of employees are exempted from the bill's required cover-

age, e.g., family employment, seamen, employees of employees' benefit associations open only to federal employees, insurance agents, and employment exempted from unemployment insurance coverage by the Federal Economic Opportunity Act of 1964.

The bill does not require duplicate coverage in cases where:

(1) The employee is covered under other legislation of the State or of the United States, such as medicare;

(2) The employee receives public assistance under any economic assistance program or is covered by a prepayment plan established under medicaid, such as working welfare mothers; or

(3) The employee is covered as a dependent under the prepaid health care plan of his spouse or parent.

The health benefits standards for the required coverage are stated in flexible terms related to existing health care prepayment plans in the State that are acceptable to a large segment of the public and are reasonable and medically sound. The bill is not intended to lock-in the kinds of health benefits provided under prepaid health care plans but rather to encourage the development of medically more desirable combinations of health care benefits and the inclusion of new types of health care benefits. The overall criteria to be used in determining whether a given prepaid group health care plan qualifies under the proposed law is a matter of whether it is acceptable to a large segment of the public and provides for sound, basic hospital, surgical, medical, and other health care benefits at a premium commensurate with the benefits included, taking proper account of the limitations, co-insurance features, and deductibles specified in the plan. The bill is intended to promote early medical attention and preventive health care.

The bill requires each employer to provide groups prepaid health care plan coverage to his regular employees and provides that the premium will be paid on a contributory basis, i.e., one-half by the employer and one-half by the employee, unless the employer agrees to pay all or a greater share.

The bill does not interfere in any way with the collective bargaining process. Collectively bargained programs which provide

different health benefits, different allocations of the premium costs, or dependents' coverage are not intended to be affected in any respect.

The Hawaii Health Prepayment Act would be administered by the Department of Labor and Industrial Relations and is intended to be largely self-administering.

Your Committee, after study and consideration, recommends the following amendments to the bill:

(1) Amend section -3(3) so that the definition of "employer" includes a **debtor in possession** or receiver or trustee in bankruptcy, who has one or more regular employees in his employment.

(2) Amend section -3(8) so that the definition of "seasonal employment" relates to the definition of "seasonal pursuit" under the Wage and Hour Law.

(3) Amend section -7(b) to provide that a prepaid group health care plan which provides benefits that are more limited than those provided by plans of the respective types having the largest numbers of subscribers in the State are in compliance with the mandatory coverage required under the law only if the employer contributes at least half of the cost of the coverage of dependents of the employee under such plan.

(4) Amend section -7(c) (3) to delete from the specified minimum basic benefits under the mandatory prepaid health coverage the requirement that medical benefits must include the first visit of a physician.

(5) Amend section -13 to make the liability of the employer to contribute one-half of the premium for coverage under the law subject to the requirement in section -14 that if the employee's contribution of 1.5 per cent of his wages is less than one-half of the premium, the employer is liable for the whole remaining portion of the premium.

(6) Add a new section -14 stating that an employer may not withhold more than 1.5 per cent of the employee's wages.

(7) Amend the newly numbered section 16, relating to continuation of coverage in case the employee is hospitalized or otherwise prevented by sickness from working, to require the employer in such cases, in order

to enable the employee to continue his coverage, to contribute to the premium the amounts paid by the employer toward the premium prior to the employee's sickness during the period of the sickness. This obligation of the employer is limited to a period of three months following the month during which the employee became hospitalized or disabled from working, or the period for which the employer has undertaken the payment of the employee's regular wages, whichever is longer.

(8) Add a new section -22 to prohibit waiver by an employee of all or part of the required health care benefits and to prohibit payment by the employee of a greater share of the premium for such benefits than is required. This section is also amended to include the provision that an employee may consent to pay a greater share for providing prepaid health care benefits of his dependents under the plan providing such benefits for himself.

(9) Delete section -23 requiring prepaid health care plan contractors to provide the coverage at a community rate or a uniform basic premium rate.

(10) Amend section -32 to specify purposes for which the director of labor and industrial relations is given rule making powers under the prepaid health care law.

(11) Amend section -33 to provide that the employer may incur a penalty for violation of his obligation to provide continuation of coverage when the employee is hospitalized or otherwise prevented from working by sickness. This section also provides that any penalties collected shall be paid into the premium supplementation fund established in part IV.

(12) Add a new part IV to provide for premium supplementation that will relieve hardship on small employers with low-wage employees and be an excessive burden on them. Entitlement of small employers to premium supplementation is based on a two-part test applicable only to employers of seven or fewer employees: (a) An employer is entitled to premium supplementation only if his share in the premium cost for all his employees exceeds 1.5 per cent of the total wages payable to all his employees; and (b) such excess is greater than five per cent of the

employer's income before taxes directly attributable to the business in which such employees are employed.

(13) Finally, it is recommended that the effective date of this bill be July 1, 1973, which coincides with the beginning of a new fiscal biennium and which allows the Department of Labor and Industrial Relations sufficient time in which to prepare for its administration of the Hawaii Health Prepayment Act.

Your Committee is in accord with the intent and purpose of **S. B. No. 25, S. D. 2**, as amended herein and recommends that it pass second reading and be referred to the Committee on Judiciary in the form attached hereto as **S. B. 25, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

SCRep. 578-72 Finance on H. B. No. 1636-72

The purpose of this bill is to amend certain appropriations for the fiscal biennium 1971-1973, contained in the General Appropriations Act of 1971 (Act 68, Session Laws of Hawaii, 1971).

Amended herein, hereby, are the following programs:

1. Economic Development; Agriculture; Marketing and Consumer Services: by reducing the industry share of coffee inspection fees from one-half to 20 per cent for fiscal year 1972-1973.

2. Education and Culture; Lower Education; Subsidies; Hawaii Association for Retarded Children: by appropriating an additional \$25,000 for fiscal year 1972-1973, \$10,000 of which for Kona and Kohala, Hawaii, and \$15,000 for Hilo.

3. Same; same; same; Honolulu Youth Symphony: by appropriating \$23,000 for neighbor island visits.

4. Same; same; same; Honolulu Theatre for Youth: by appropriating \$15,000 for neighbor island visits.

5. Same; Higher Education; Leeward Community College; Auxiliary Studies: by appropriating \$50,000 for establishment of an instructional food service revolving fund.

6. Same; same; Kauai Community College; Instruction: by appropriating \$15,000 for the fiscal year 1972-1973 to retain the services of a director of the license practical nursing program.

7. Same; same; (Higher Education); Subsidies; Young Farmer program: by appropriating the sum of \$50,000 to the university of Hawaii for the Young farmer program (under the office of vocational education, which may contract with the department of education for necessary services).

8. Same; same; same; Pacific and Asian Affairs Council: by appropriating the sum of \$65,000 for the council (under the university's department of curriculum and instruction, to be expended through the office of the vice-president for community colleges) requiring that the funds be matched by private contributions.

9. Health; Subsidies to Private Hospitals: by appropriating to Molokai General Hospital the sum of \$60,000 to supplement prior appropriations.

10. Human Resources; Social Welfare; Family and Children Casework Services; Day-Care Services; Children: by appropriating the sum of \$235,000 in fiscal year 1972-1973 for day-care services "demonstration models", for which the director of finance shall assess program needs as against available funds and allot on a State-wide basis only if matched by federal funds.

Your Committee amended the bill, as introduced, by deleting Parts III and IV relating to capital improvement projects and issuance of bonds, as there are none and none are authorized hereby. Ensuing sections were renumbered accordingly.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1636-72**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 1636-72, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 579-72 Finance on H. B. No. 2525-72

The purpose of this bill is to provide a means whereby employees who are excluded

from collective bargaining could have their compensation, hours, terms and conditions of employment and benefits adjusted to reflect the adjustments agreed to in the collective bargaining contract for the bargaining unit they would have been assigned to were they not excluded.

Under existing law, employees who are excluded from collective bargaining would not receive any of the benefits contained in contracts which are negotiated. Compensation of such employees are determined under various public employment laws; general civil service employees through chapter 77, Hawaii Revised Statutes; DOE personnel, chapter 297; university of Hawaii personnel, Hawaii Revised Statutes 304.

In the opinion of your Committee, employees who are excluded from collective bargaining should be entitled to equal consideration from their employers. It is important that their compensation and benefits be adjusted on a timely basis. Unless the employer is able to do this, we feel that the morale of management personnel may be seriously impaired. Employees affected by this bill are those who are excluded from collective bargaining because they are involved in managerial, administrative and confidential work or occupying temporary and part time positions. These categories of employees are not excluded from collective bargaining because of personal choice but are excluded to maintain the balance required to make the collective bargaining relationship work properly. Collective bargaining should not work to penalize such employees.

Your Committee concurs with the findings and conclusions of your Committees on Public Employment and Joint Select Representatives in **Stand. Com. Repts. No. 245-72** and **411-72**, respectively, reporting hereupon.

Your Committee is of the opinion that it is proper public policy to assure excluded officials, officers and employees that they will be treated equally with those officials, officers and employees covered by negotiated collective bargaining agreements. Your Committee has been informed that no additional funds will be required by virtue of this bill.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2525-72**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 580-72 (Majority) Finance on **H. B. No. 1921-72**

The purpose of this bill is to authorize the land use commission to establish, within lands designated agricultural, a subclassification known as "agricultural preserves", the real property tax upon which is assessed on the basis of actual use in agriculture rather than fair market value.

This bill adds a new part to chapter 205, Hawaii Revised Statutes, relating to the land use commission, and amends sections of the real property tax law by relating to real estate tax assessment. One of the bill's stated objectives is to preserve, thereby, "prime" agricultural lands. Section 1 of the bill legislatively declares that "it is a public purpose to establish agricultural preserves . . ." (See, e.g., **Puerto Rico v. Eastern Sugar Associates**, 156 F.2d 316, cert. den. 329 U.S. 772).

The bill specifies the criteria to be considered in designated lands as agricultural preserves: That it be (a) used "exclusively and intensively" for agriculture, (b) of "high capacity and potential", (c) "amenable to halting urban sprawl", and (d) "amenable to establishing large contiguous agricultural acreages."

There is a definition of "agriculture", which includes growing of crops, raising of livestock, and structures or activities thereto related; and the bill allows for continuance of nonconforming uses. The land use commission is empowered to adopt rules and regulations relating to the purpose of this part.

Amended by the bill, to accommodate the preserves to be established, are Secs. 205-4 and -5 (b), Hawaii Revised Statutes, relating to amendments to district boundaries and zoning, respectively.

Also, Secs. 246-10 (a) and -10 (f) of the real property tax law are amended to provide, essentially, that determinations as to the value of lands which are designated agricultural preserves (whether or not "dedicated") shall be valued "without regard to its market value based upon its highest and best use or to neighboring land uses." Instead, considering the actual use and productivity of the land in agriculture, the value thereof is assessed at 50 per cent of the value of such lands as determined by the criteria for lands

which are designated and “exclusively and intensively used for agriculture.”

Your Committee has further amended the bill, as amended, as follows:

1. As to the provision that such lands shall not be used other than agriculturally unless withdrawn by the commission from the preserve classification, except for public utility facilities—by adding “and public improvements ancillary to the agricultural use.” (p. 2, lines 10-11).

2. As to requirement of review by the commission of all agricultural preserves in conjunction with the 5-year boundary review mandated by Sec. 205-11, by deleting the concluding phrase “provided that no comprehensive review of agricultural preserves shall be undertaken prior to the 1979 five-year boundary review.” (p. 3, lines 6-8).

3. As to the time before which the commission shall establish the boundaries and designate the permitted uses, and adopting the preserves in final form—by changing the dates from July 1, 1973, December 31, 1973, respectively, to December 31, 1973, and August 24, 1974, respectively. (p. 3, lines 13 and 16). These changes are recommended by the commission because it will be undergoing the mandatory 5-year boundary review to be adopted in final form on the latter date; and, therefore, according to the testimony of the vice-chairman “the adoption of agricultural preserves as provided for in the present bill would necessitate a comprehensive review of the agricultural districts throughout the State utilizing the same procedure and process in the 5-year review. This will require the land use commission to go through another review less than a year from the adoption of agricultural preserves. However, if the adoption of the agricultural preserves is in conformity with the 5-year preview, budgetary as well as manpower constraints will be minimized.”

4. As to the foregoing, also—by adding, following the date for adopting the preserves in final form, the phrase, “provided that in the interim period from the effective date of this Act to August 24, 1974, no action shall be taken which would contravene the purposes and intent of this Act.” (p. 3, commencing at line 16). This provision is not intended as an absolute moratorium upon application for use change; but it is designed to foreclose a rush of requests during the period

of boundary establishment and use designation so that the commission may set about that task through its conclusion under conditions of relative stability.

5. As to the definition of “agriculture”—by deleting the phrase “or other domestic animals” following the enumeration of certain specifics (p. 3, lines 21-22), in that the phrase “including but not limited to”, preceding it (line 19) itself accounts for the phrase deleted.

6. By deleting all of section 3 of the bill (pp. 4-5, lines 5/23-1/20) which would have amended Sec. 205-4, Hawaii Revised Statutes, by providing that “**no petition for change in reclassification of agriculture preserves be permitted except by the land use commission.**” (Emphasis added).

7. By deleting all of the material on page 7 (lines 1 through 19) which is a part of Sec. 205-6, relating to “Special permit”, apparently attached inadvertently, because according to your Committee on Agriculture, from which this bill was referred under **Stand. Com. Rep. No. 216-72**, the same was deleted. Subsequent pages were renumbered accordingly.

8. As to the assessment of lands designated as agricultural preserves—by adding, under Sec. 246-10 (f) (3), the word “fifty” (p. 9, line 14) referring to the per cent of the value of such lands as determined in accordance with the criteria set forth in the previous subsection (including “productivity” and “actual agricultural use”).

Grave reservations have been expressed by the county governments about their loss of tax revenues because this bill lowers the real property tax on agricultural lands. Since much concern have been expressed in regard to tax abatement, the governor’s agriculture coordinator admits that the county governments will suffer some losses. However, he has expressed that these losses will not be very substantial; and the Department of Taxation has provided the following possible losses in revenues:

Oahu	\$492,000
Maui	\$243,000
Hawaii	\$387,000
Kauai	\$157,000

These losses are based on the assumption that all sugar, pineapple, and diversified agricultural lands are to be in agricultural preserves and will enjoy 50 per cent tax abatement.

According to the Tax Foundation of Hawaii, no precise estimates of tax losses can be made as the land use commission has wide latitude in the kinds of land which can be put into agricultural preserves. Not only can existing agricultural land be placed in the pre-

serves but other lands - urban, rural, and conservation - are possible agricultural preserve lands. It has been stated that about 200,000 acres are well or moderately suited for intensive agriculture, but, the acreage could be far greater than 200,000 acres. For discussion purposes, however, the Tax Foundation has limited the tax loss implications to only agricultural lands.

First noted are the differences among the counties in their reliance upon property taxes and state grants:

**PROPERTY TAXES AND STATE GRANTS AS A
% OF COUNTIES' OPERATING REVENUES**
Fiscal Year 1970

County	Property Taxes	State Grants	Other Revenues
Honolulu	57.83%	7.49%	34.68%
Maui	33.94	40.10	25.96
Hawaii	40.16	36.41	23.43
Kauai	31.08	40.42	28.50

From the above it would appear that these proposals would have the greatest impact upon the City and County of Honolulu. But, this is not the case as the agricultural land tax base on Oahu is of lesser importance than on the neighbor islands.

REAL PROPERTY VALUATIONS FOR TAX RATE PURPOSES — FISCAL 1972
(In Millions)

County	Total Valuation	Agricultural Land	% Agricultural
Honolulu	\$4,182,624	\$ 72,822	1.74%
Maui	352,492	59,210	16.80
Hawaii	525,510	163,846	31.18
Kauai	217,945	31,747	14.57
State Total	\$5,278,571	\$327,625	6.21%

ESTIMATED TAX LOSSES FROM EXEMPTION OF AGRICULTURAL LANDS
Fiscal 1972

County	Total Tax Collections	% Agricultural	Tax Loss
Honolulu	\$80,336,278	1.74%	\$1,397,851
Maui	5,287,267	16.80	888,261
Hawaii	9,405,704	31.18	2,932,699
Kauai	3,269,133	14.57	476,313
TOTAL TAX LOSS			\$5,695,124

In terms of tax losses the greatest impact in dollars would be in Hawaii county. Even though the City and County of Honolulu depends upon the real property tax as a source of funding more than any other county, the neighbor counties depend upon real property tax collections from agricultural land to a much greater extent than does Honolulu. Therefore, the tax abatement from a loss in revenue standpoint would have a much

greater impact upon neighbor counties than upon Oahu. Over half of the total tax loss would be sustained by Hawaii County.

Repetition of some relevant remarks regarding this measure by your Committee on Agriculture as contained in **Stand. Com. Rep. No. 216-72**, aforesaid, seems appropriate:

“The purpose of this bill is to preserve agricultural lands, curtail urban sprawl and promote rational urban growth within the State by establishing agricultural preserves”

“Lower taxes on agricultural lands combined with stricter agricultural preserve zoning would preserve agricultural lands and tend to curb speculation on such lands.”

“This bill provides that no petition for change in reclassification of agricultural preserves be permitted except by the land use commission. Your Committee believes that in emergency situations such as the termination of business enterprises - e.g., the closing of Kohala and Kilauea Plantations - reclassification of agricultural preserves should be permitted.”

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1921-72, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1921-72, H. D. 2**.

Signed by all members of the Committee except Representatives Kaneshiro and Wong. Representative Yim did not concur.

SCRep. 581-72 Judiciary on **H. B. No. 2503-72**

The purpose of this bill is to amend Chapter 448E of the Hawaii Revised Statutes, to define the meaning of electrical work and to restrict the ratio of apprentices employed on a project to one per every journeyman, electrician or plumber employed on that project.

Your Committee heard on this bill from a wide spectrum of people associated with electrical and plumber work. Testimony revealed that the proposed Hawaii Revised Statutes Section 448-9.5 would cause the already high cost of electrical and plumbing work to rise to astronomical heights. Under that proposal, all phases of work done in connection with electrical and plumbing works would be restricted to licensed electricians, plumbers and registered apprentices on a one-to-one basis. Because such restrictions would be overly burdensome, your Committee amended this bill by deleting the proposed Section 3.

Your Committee also amended this bill by inserting maintenance electrician in subsection (b) of Section 448E-9 to conform with definitions found presently in some counties in pending legislation.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2503-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2503-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Duponte, Sakima, Carroll and Judd.

SCRep. 582-72 Judiciary on **H. B. No. 2392-72**

The purpose of this bill is to serve the public interest by providing for regulation of taxicab owners and establishing standards of conduct applicable to the taxicab industry and its operations within the City and County of Honolulu.

The taxicab industry has always played a vital and integral part in the functioning of the transportation system of the City and County of Honolulu and consequently the State. The industry therefore is vested with a public interest and must be held to high standards of conduct in its operations.

Your Committee heard from a wide spectrum of taxicab drivers, representatives, and owners of taxicab companies on this bill.

Your Committee amended this bill to clarify and revise the proposed jurisdictional transfer of taxicab control. Your Committee amended the general powers of the proposed board of taxi license and regulation to specify that the board is vested with the power to regulate and supervise the taxicab industry throughout the State; to set fares; to establish or revoke stands; to limit stand fees and uses; and to investigate with subpoena powers all matters which might influence the taxi industry throughout the State. Your Committee further provided that the board may amend and change the schedule of fares from time to time.

Your Committee also amended the board of taxicab license and regulation to consist of five members as follows: one member shall be the Director of Regulatory Agencies or his

designee; one shall be the State Highway Coordinator or his designee; the remainder shall be appointed by the Governor except that of those appointed by the Governor one shall represent the taxicab drivers from a taxicab union and one shall represent the owners of taxi business. It is the intent of your Committee that in the absence of a taxicab union or a majority union, a representative of the taxicab drivers shall be nominated by a majority of taxicab drivers in a secret ballot. The Deputy Director of Weights and Measures shall be an ex-officio member.

Your Committee also made technical amendments to conform to the amendments enumerated above as well as other minor amendments.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2392-72**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2392-72, H. D. 1**.

Signed by all members of the Committee except Representatives Duponte, Sakima, Carroll and Judd.

SCRep. 583-72 (Majority) Judiciary on H. B. No. 290

The purpose of this bill is to create a coordinated and codified system of drug control similar to that in the Federal Comprehensive Drug Abuse Prevention and Control Act of 1970 (Public law 91-513, enacted by the United States Congress on October 27, 1970, which went into effect on May 1, 1971).

Your Committee finds that **S. B. No. 310**, relating to the same subject matter, has already been passed in both houses. Your Committee further finds that (1) pentazozine listed in Schedule III of **S. B. No. 310, S. D. 1, H. D. 1, C. D. 1** is not a drug; (2) the spelling of "pentazozine" is similar to the spelling of the drug "pentazocine"; (3) pentazocine is not listed in the Federal Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended; (4) pentazocine is not listed in the Uniform Controlled Substances Act as recommended by the Commission on Uniform State Law; (5) The American Medical Association Council on Drugs found that it not be controlled; (6) The World Health Organization Expert Committee on Drug Dependence found that it should not be controlled; (7) "pentazozine" was mis-

takenly placed in **S. B. No. 310, S. D. 1, H. D. 1, C. D. 1**; and (8) "pentazocine" is a drug which should not be placed in Schedule III of **S. B. No. 310, S. D. 1, H. D. 1, C. D. 1**.

Your Committee has accordingly amended this bill to eliminate any reference to pentazocine in the appropriately designated act of **S. B. No. 310, S. D. 1, H. D. 1, C. D. 1**, if it becomes an Act.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 290**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. 290, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Duponte, Sakima, Carroll and Judd. Representative Lee did not concur.

SCRep. 584-72 (Majority) Judiciary on H. B. No. 1700-72

The purpose of this bill is to provide for the staggering of terms of office of members of the Senate of the State of Hawaii.

The staggering of terms of office will place approximately one-half of the offices of members of the Senate open for an election of a new member every two years. Under our present law, all senators are up for election every four years. The concept of staggered terms of office of members of the Senate is long established in our society as one means of assuring a Senate responsive to its electorate and of assuring an orderly transition of members and work of the legislature.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1700-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Duponte, Sakima, Aduja, Carroll and Judd. Representative Lee did not concur.

SCRep. No. 585-72 Legislative Management

Informing the House Conference Committee Report No. 4, Re: Senate Bill No. 766, Senate Draft No. 1, House Draft No. 1, Conference Draft No. 1, House Resolution Nos. 363 to 366, Standing Committee Report

Nos. 535-72 to 584-72, and **Standing Committee Report Nos. 586-72 and 587-72**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 586-72 (Majority) Judiciary on **H. B. No. 2330-72**

The purpose of this bill is to ensure the high market quality of all eggs sold in Hawaii. This bill would authorize the Department of Agriculture to make rules and regulations requiring the candling and recandling of eggs sold in Hawaii.

Your Committee feels that recandling might so increase the cost of mainland eggs so as to eliminate compensation. Adequate safeguards can be employed by methods of testing which might not be discriminatory in any way as to eggs in interstate commerce as your Committee is primarily concerned with keeping down the cost of eggs in Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2330-72, H. D. 1** as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2330-72, H. D. 2**.

Signed by all members of the Committee except Representatives Carroll, Duponte, Aduja and Judd. Representative Lee did not concur.

SCRep. No. 587-72 Judiciary on **H. B. No. 2374-72**

The purpose of this bill is to clearly define an apprentice elevator mechanic, to clarify the language of Hawaii Revised Statutes, Section 448H-7 regarding the issuance of the temporary permit, and to specify the types of work done by a person defined as an "elevator mechanic".

Your Committee heard testimony on this bill from the State Elevator Mechanics Licensing Board, the International Union of Elevator Constructors, the National Elevator Industry Association and others.

Your Committee concurs with the testimony of the State Elevator Mechanics Licensing Board which notes that these changes are an improvement to the Elevator Mechanics Licensing Law.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2374-72** as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2374-72, H. D. 1**.

Signed by all members of the Committee except Representatives Aduja, Carroll, Duponte, Judd and Wedemeyer.

SCRep. No. 588-72 Judiciary on **H. B. No. 2620-72**

The purpose of this bill is to secure for all individuals within the State freedom from discrimination because of race, sex, color, religion, or ancestry in connection with access to and use of public accommodations and thereby to protect their interest in personal dignity and to promote the interests, rights, and privileges of individuals within the State.

This bill will assure the equal rights and treatment of all people prohibiting the discriminatory practice of any person denying any individual the full and equal enjoyment of the goods, services, facilities, privileges, advantages, and accommodation because of race, sex, color, religion, or ancestry. This bill also prohibits any person from making known an intention to discriminate against or discourage the patronage or presence of another at a place of public accommodation on the basis of race, sex, color, religion or ancestry.

Your Committee heard favorable comment on this bill from a wide spectrum of our society including the representatives of the Hawaii State Federation of Labor, ALF-CIO, the Commission on the Status of Women, the National Organization for Women, and the Democratic Action Group.

Your Committee finds that the significance of this bill is in provisions providing for the specific mode of enforcement of State and Federal constitutional mandates and penumbras. This bill provides for the Department of Regulatory Agencies to prevent unlawful discrimination, complaint and subsequent proceedings, hearings, dismissal after hearings, determination of a discriminatory practice, judicial review, enforcement, subpoena of witnesses, and other related provisions.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. 2620-72**

and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 589-72 (Majority) Finance on **H. B. No. 1921-72**

The purpose of this bill is to authorize the land use commission to establish, within lands designated agricultural, a subclassification known as "agricultural preserves", the real property tax upon which is assessed on the basis of actual use in agriculture rather than fair market value.

This bill adds a new part to and amends existing sections of chapter 205, Hawaii Revised Statutes, relating to the land use commission, and amends sections of the real property tax law relating to real estate tax assessment. One of the bill's stated objectives is to preserve, thereby, "prime" agricultural lands. Section 1 of the bill legislatively declares that "it is a public purpose to establish agricultural preserves" (See, e.g., **Puerto Rico v. Eastern Sugar Associates**, 156 F.2d 316, cert. den. 329 U.S. 772).

The bill specifies the criteria to be considered in designated lands as agricultural preserves: That it be (a) used "exclusively and intensively" for agriculture, (b) of "high capacity and potential", (c) "amenable to halting urban sprawl", and (d) "amenable to establishing large contiguous agricultural acreages."

There is a definition of "agriculture", which includes growing of crops, raising of livestock, and structures or activities thereto related; and the bill allows for continuance of nonconforming uses. The land use commission is empowered to adopt rules and regulations relating to the purpose of this part.

By amending **H. D. 2** hereof, your Committee has added hereto section 3 of the bill as introduced (and similarly numbered herein) which amends Sec. 205-4, relating to amendments to district boundaries, by providing that "no petition for change in reclassification to agriculture preserves be permitted except by the land use commission."

All subsequent sections of the bill have been renumbered accordingly and are identical in content to corresponding provisions of **H. D. 2** hereof.

Section 4 of the bill, therefore, as renumbered, amends Sec. 205-5(b) by providing that "no subdivision of agricultural preserves shall be permitted unless in substantial acreages as will insure the preservation of the agricultural uses of such lands."

Also, as renumbered, sections 5 and 6 of the bill amends Secs. 246-10(a) and -10(f) of the real property tax law are amended to provide, essentially, that determinations as to the value of lands which are designated agricultural preserves (whether or not "dedicated") shall be valued "without regard to its market value based upon its highest and best use or to neighboring land uses." Instead, considering the actual use and productivity of the land in agriculture, the value thereof is assessed at 50 per cent of the value of such lands as determined by the criteria for lands which are designated and "exclusively and intensively used for agriculture."

In **Stand. Com. Rep. No. 580-72** on **H. D. 2** hereof, your Committee enumerated certain further amendments to the bill, as amended. Those changes apply here, except as to the amendment numbered "6" deleting section 3 of the bill which is hereby reinstated.

Therefore, unless otherwise inconsistent herewith, your Committee hereby incorporates herein its findings and conclusions contained in **Stand. Com. Rep. No. 580-72** hereupon.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1921-72, H. D. 2**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 1921-72, H. D. 2**.

Signed by all members of the Committee. Representative Yim did not concur.

SCRep. No. 590-72 Finance on **H. B. No. 2180-72**

The purpose of this bill is to establish means whereby anti-pollution measures can be financed through the issuance of revenue bonds by a department of the State government.

This bill would provide a governmental vehicle in Hawaii by which Federal tax advantages can be gained by those industries in the State involved in anti-pollution projects,

thereby assisting such industries in carrying out pollution control measures and also giving governmental bodies located in Hawaii the option to use the same financing vehicle in carrying out pollution control. The genesis of the anti-pollution revenue bond comes from the industrial development bond which is a bond issued by a governmental body, the proceeds of which are used to build a facility to be used by a private party. The bond is secured by and paid from the payments made by such party (or user) for the use of the facility.

In 1968, Congress amended the Internal Revenue Code to provide that, if the amount of the industrial bond issue exceeded \$5,000,000, the interest payable on the bonds would not be exempt from Federal income taxes. Congress also provided, however, that, if the function of the facility was pollution control, the dollar limitations would not apply, and that interest on bonds issued for such purpose would remain exempt from Federal income taxes, regardless of the amount of the issue. Congress thus made it possible for industry, and later by Congressional amendment, government bodies to borrow money for pollution control facilities at a lower rate of interest, thereby assisting in compliance with anti-pollution statutes and court orders.

Your Committee on Judiciary from which this bill was referred under **Stand. Com. Rep. No. 500-72** stated that it had heard from the representatives of State government bodies, public utilities, private sugar and pineapple industries, an implementor of similar bills and their resultant projects in other states, and others, and found the following:

“(1) In the case of public utilities, this bill will help to reduce the burden on the ratepayer by reducing the financing costs for these facilities.

“(2) For private industries which are large enough to take advantage of this bill, the lower financing costs of such facilities through lower interest, tax exempt bonds will a) assist them in compliance with anti-pollution statutes; b) aid the competitive position of local industries vis-a-vis the same type of industry in other states which already issue industrial development bonds for pollution control; and c) be timely assistance to our now financially threatened agricultural industries.

“(3) Cost to the State. The bill permits revenue bonds to be issued only for pollution control facilities. The payment of such revenue bonds is limited solely to the moneys paid by industry for the use of the facilities or the purchase of the facilities by it. Neither the State's general fund nor any general revenues of the State will be obligated to pay the revenue bonds. The bill requires that the State be compensated out of the revenue bond proceeds for any expenses it incurs in issuing the revenue bonds and that the user of the facilities pay all expenses the State incurs in carrying out the pollution control project. Consequently, the State will not be using its own moneys either to pay the revenue bonds or for the costs and expenses of issuing or administering the bonds.

“(4) Effect on State's debt limits. The bill contains provisions so that the revenue bonds will not be counted against the State's debt limit. The revenue bonds will be excluded by reason of exclusion (b) of Section 3 of Article VI of the State Constitution.”

Your Committee on Judiciary also amended this bill, reportedly with the assistance of bond counsel, to provide that the issuance of the bonds and other related powers wherever the term “department” appears is the responsibility of the department of budget and finance rather than the department of planning and economic development because “your Committee believes the State department of budget and finance by its financial nature has greater facilities to implement this bill.”

Your Committee on Judiciary also amended the bill by revising proposed Sec. 39-126, relating to the powers of the department relative hereto in order to clarify that its function is limited to “a conduit of the purposes of this bill and nothing more.”

In these amendments, having conferred with the director of finance, we concur.

A brief outline of the substance of this bill, as amended, follows:

Section 1 of the bill is a finding by the legislature that pollution control by industry should be encouraged by the State through the issuance of anti-pollution revenue bonds

employing the industrial revenue bond concept, and that such control and the issuance of the revenue bonds is a public purpose.

Section 2 of the bill, which contains the substantive portions hereof, adds a new part to chapter 39, Hawaii Revised Statutes, as follows:

Sec. 39-125 contains definitions making certain that the bonds are revenue bonds and limiting the purpose of the issuance of the bonds to pollution control facilities.

Sec. 39-126 empowers the department of budget and finance to agree with a prospective user of the pollution control facilities to issue revenue bonds for a pollution control facility and authorizes the issuance of such bonds.

Sec. 39-127 makes clear that the use of the revenue bonds does not eliminate or change any obligation of the user of the facility with respect to compliance with zoning, health codes and laws of similar nature.

Sec. 39-128 makes clear that the real property tax position of the user of the facility is not changed by the use of the revenue bond financing.

Sec. 39-129 requires the department to find that the user of the facility is a financially responsible party capable of making the payments necessary to pay the bonds.

Sec. 39-130 requires that the user of the facility must be obligated to make payments for the facility in amounts sufficient to pay the revenue bonds and all expenses of the department in connection therewith. This section also requires that, if the facility involves water supply or sewage disposal for residences, the county must be given an option to acquire the facilities simply by paying off the revenue bonds.

Sec. 39-131 of the bill provides that the revenue bonds shall be issued under the State's general revenue bond law, subject to certain changes necessary to market this type of revenue bond. Additionally, this section also provides that the department may not condemn property for any pollution control facility; it may not operate any pollution control facility; and it may not issue revenue bonds for any pollution control facility unless it has entered into agreement with the user requiring the user to make payments to the

department sufficient to pay the revenue bonds.

Since the revenue bonds are to be issued under the general revenue bond law, each bond will be required to state on its face that such bond and the interest thereon are payable solely from and secured by the revenues pledged to its payment, and that such revenue bond is not a general obligation of the State and the full faith and credit of the State are not pledged to the payment of the bond.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2180, H. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 591-72 Finance on **H. B. No. 281**

The purpose of this bill, as amended herein, is to enable the department of education to establish a statewide school security patrol which shall be charged with the prevention and impedence of on-campus vandalism, hi-jacking, drug sales and use, and other similar activities inimical to academic and scholastic pursuits in the public schools.

It is proposed that officers of the patrol shall be assigned to designated campuses and shall be directed to report to the appropriate police agency any circumstances requiring police action or attention (if such action proves necessary).

The board of education is empowered to adopt rules and regulations pursuant to chapter 91 in order to carry out the purposes thereof, and, accordingly, section 4 of the bill, proposing an appropriation for the program, has been deleted.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 281**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 281, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 592-72 Finance on **H. B. No. 1881-72**

The purpose of this bill is to amend various provisions of the law relating to agriculture cooperative associations in order that it be

more responsive to current needs and enable associations organized pursuant thereto to compete more effectively with private agricultural organizations.

Your Committee on Agriculture heretofore effected several amendments to chapter 421 in order to achieve the purpose which are identified in **Stand. Com. Rep. No. 156-72** substantially as follows:

1) Sec. 421-2 **Purpose** —as to disposition by such cooperatives of agricultural products, limits the Hawaiian origin restriction to 75% (only);

2) Sec. 421-4 **Articles of Association** —removal of requirement that the word “cooperative” shall be in the name of the organization;

3) Sec. 421-6 **Filing and recording articles of association** —removal of the fifty year limitation on the life of the cooperative to a life in perpetuity as with other corporate entities;

4) Sec. 421-9 **Powers** —removal of the requirement limiting annual purchases made for persons who are neither members nor producers to 15 per cent of the value of its purchases;

5) Sec. 421-18 **Contracts between association and members** —three year limitation lengthened to 10 years;

6) Sec. 421-33 **Taxation** —requirements for report to the director of taxation and other regulatory agencies changed to 90 days after the close of the fiscal year.

Your Committee notes that the agriculture cooperative associations law has not been amended materially since its enactment in 1949, while during the past twenty-three years, the agricultural cooperative movement nationally has developed into sophisticated and efficient organizations in order to compete with private organizations involved in the same business. Such an evolution involves a number of structural changes which, while not changing the basic purposes of agricultural cooperatives, do affect the various organizational requirements. This bill is designed to up-date outmoded requirements which otherwise hinder rather than aid cooperative development. No funds are necessary to effectuate this requirement.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1881-72, H. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 593-72 Finance on **H. B. No. 2263-72**

The purpose of this bill is to authorize the creation of a nonprofit corporation for housing development within the state government to (1) attract private investment in the low and moderate income housing market; (2) construct low and moderate income housing; (3) aid low and moderate income persons in acquiring home ownership; and (4) encourage others to construct housing for low and moderate income persons.

The nonprofit corporation hereby created, therefore, can do all things necessary to create low **and moderate** income housing in the community. Presently, the Hawaii Housing Authority, by legal interpretation of the federal Department of Housing and Urban Development, may not sponsor FHA Section 236 housing for low **and moderate** income tenants. This nonprofit corporation can function in that area.

Your Committee amended section 1 of the bill by deleting from proposed Sec. -15, entitled “Insurance”, subsection (b) (4) and (5) relating to the original fund and premium percentages, respectfully.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2263-72**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 2263-72, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 594-72 Finance on **H. B. No. 2556-72**

The purpose of this bill is to provide for the access, safety, and use of facilities of any building of public accommodation by the physically handicapped person.

This bill provides that every public building and facility and every place of public accommodation shall comply with the specified standards to make buildings and facilities accessible to and usable by physically hand-

icapped persons as those standards relate to access into and within a building facility, toilet facilities, and any additional facilities specified by a department of government.

Your Committee has reviewed the findings and conclusions hereupon by your Committee on Public Health, Youth and General Welfare and your Committee on Judiciary in **Stand. Com. Rep. Nos. 303-72 and 542-72**, respectfully, and we are in concurrence therewith, and with the amendments hereto by them recommended.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2556-72, H. D. 2**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 595-72 Joint Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **H. B. No. 2360-72**

The purpose of this bill is to prohibit counties and private parties who provide mass transit to the public from engaging in school bus, charter or sightseeing operations in competition with school, charter or sightseeing bus operators who are not under contract with the counties to provide mass transit.

Under existing section 51-1, Hawaii Revised Statutes, counties and private parties under contract with the counties who provide mass transportation service are exempted from the jurisdiction of the public utilities commission. All other bus operators are subject to the regulations of the commission. Because of the disparity between the two systems, your Committee believes that mass transit operators who are not subject to the commission should not compete economically with private bus operators who are not similarly privileged.

Upon consideration of the matter, your Committee recommends a few exceptions to the prohibitions proposed in the bill. Your Committee believes that it would not be unfair competition if the counties and private parties under contract with the counties are permitted to engage in school bus, charter or sightseeing operations provided the activities are connected to school and other public programs such as school excursions, summer fun programs and sightseeing tours for the elderly.

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **H. B. No. 2360-72**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2360-72, H. D. 1**.

Signed by all members of the Committee except Representatives Unemori, Wedemeyer, Wasai and Roehrig.

SCRep. No. 596-72 Joint Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **S. B. No. 1720-72**

The purpose of this bill is to amend existing law which requires registration certificates of all motor vehicles to be in plain view.

S. B. No. 1720-72 deletes this requirement and substitutes therefor a new requirement that the registration be kept in the vehicle and be presented at the request of a police officer. Further, the bill exempts state and county vehicles from this requirement.

According to testimony received by your Committee on this subject, the present requirement is no longer essential to police operations. Additionally, the easy viewing of the owner's name and address could be useful for persons to commit burglary.

Your Committee recommends a technical amendment to the bill. Instead of amending section 286-47, Hawaii Revised Statutes, the bill has been revised to amend only subsection 286-47 (3).

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 1720-72**, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Roehrig and Wedemeyer.

SCRep. No. 597-72 Judiciary on **H. B. No. 2144-72**

The purpose of this bill is to amend Section 183-41, Hawaii Revised Statutes, to provide that the use of land in a conservation zone for utility purposes shall not be considered as use for a "commercial purpose".

Under existing laws, a public hearing is required in every case involving proposed use of land in a conservation zone for commercial purposes. Existing laws do not clearly indicate whether or not use of land for utility purposes is use for commercial purposes.

Your Committee recommends that the change be effected. A commercial purpose, as normally construed, refers to a business established and operated by a private concern, based primarily on the profit motive. A utility purpose, on the other hand, is quasi-public in nature, and a utility functions under franchise rights and governmental regulation as to rates and other matters. It is the intent of your Committee that, for the purpose of Section 183-41 a utility includes the board of water supply of each county.

Furthermore, your Committee has been informed with information from the Board of Land and Natural Resources that, as a matter of course, their staff initiates and conducts investigations whether or not a commercial use is contemplated within the conservation zone. These investigations are not limited to interdepartmental matters, but encompass agencies, individuals and organizations, outside the department.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2144-72** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Carroll and Wedemeyer.

SCRep. 598-72 Legislative Management

Informing the House that **House Resolutions Nos. 367 to 372, Standing Committee Report Nos. 588-72 to 597-72, House Bill No. 2510-72, House Draft No. 3, Standing Committee Report Nos. 599-72 to 604-72, and Conference Committee Report No. 5, Re: Senate Bill No. 13, Senate Draft No. 1, House Draft No. 1, Conference Draft No. 1,** have been printed and distributed.

Signed by all the members of the Committee.

SCRep. 599-72 Select Committee of Oahu Representatives on **H. C. R. No. 40**

The purpose of this Concurrent Resolution is to request the Mayor of the City and

County of Honolulu and the Department of Land and Natural Resources to adopt the following policies relating to the implementation of the Waikiki Beach Erosion Control Project:

1. Beach widening and general improvement in the area located between the Colony Surf and the Kapahulu Canal; with the major area of concern being around the old Queen's Surf restaurant area and the Natatorium;

2. Removal of the Natatorium and construction of a new beach in that area for the purpose of recreational use; and

3. Retention of the Natatorium arch to commemorate the World War I dead and removal of the arch to the lawn area fronting its present location to allow maximum use of the beach area.

Since Waikiki is a tourist destination area of national and international significance, it is necessary to remedy its deteriorating condition and to improve and enhance its image and reputation. The Waikiki Beach Erosion Control Project proposes to deal with these problems.

Your Select Committee of Oahu Representatives concurs with the intent and purpose of **H. C. R. No. 40** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 600-72 Select Committee of Oahu Representatives on **H. R. No. 299**

The purpose of this Resolution is to request the Mayor of the City and County of Honolulu and the Department of Land and Natural Resources to adopt the following policies relating to the implementation of the Waikiki Beach Erosion Control Project:

1. Beach widening and general improvement in the area located between the Colony Surf and the Kapahulu Canal; with the major area of concern being around the old Queen's Surf restaurant area and the Natatorium;

2. Removal of the Natatorium and construction of a new beach in that area for the purpose of recreational use; and

3. Retention of the Natatorium arch to commemorate the World War I dead and

removal of the arch to the lawned area fronting its present location to allow maximum use of the beach area.

Since Waikiki is a tourist destination area of national and international significance, it is necessary to remedy its deteriorating condition and to improve and enhance its image and reputation. The Waikiki Beach Erosion Control Project proposes to deal with these problems.

Your Select Committee of Oahu Representatives concurs with the intent and purpose of **H. R. No. 299** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 601-72 Public Employment on **S. B. No. 1547-72**

The purpose of this bill is to remove the prohibition against political activity by any officers and employees appointed under the authority of the director of health.

Your Committee is of the opinion that there is no justification for denying employees of the Department of Health the right to participate in the democratic process of choosing their elective officials. There is nothing in the character of their work which would conflict with political activities.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 1547-72, S. D. 1** and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 602-72 Public Health, Youth and General Welfare on **S. B. No. 1368-72**

The purpose of this bill is to add a new requirement to the granting of temporary licenses to pharmacists to assure that out-of-state practitioners have the minimum acceptable knowledge of laws relating to the practice of pharmacy in Hawaii.

Under existing laws, an applicant for examination who possesses all of the qualifications required of applicants for a license to practice pharmacy except residence may be granted a temporary license by the board of pharmacy.

This bill amends existing laws by setting certain standards that must be met before a temporary license may be issued by the board of pharmacy. This amendment is necessary to protect the health, safety and general welfare of the public. The standards set should generally preclude incompetent and unqualified pharmacists from serving the public.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **S. B. No. 1368-72, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 603-72 (Majority) Lands on **H. C. R. No. 46**

The purpose of this resolution is: 1) Have an interim committee study the final report of the Overview Corporation's Comprehensive Space Plan for Hawaii and prepare legislation for the 1973 Session relating to those principles and objectives of space planning which are found to be in the best interests of the public; 2) Declare a moratorium on the rezoning of presently open land and on the development of presently open urban-zoned lands of any significant size or strategic location until May 31, 1973.

Your Committee on Lands concurs with the intent and purpose of **H. C. R. No. 46** and recommends its adoption.

Signed by all members of the Committee. Representatives Unemori, Ajifu, Medeiros and Yamada did not concur.

SCRep. 604-72 (Majority) Housing and Consumer Protection on **H. R. No. 291**

The purpose of this resolution is to request an interim study of unit pricing to determine whether: (1) unit pricing will materially assist the consumer in comparing relative costs of like commodities between brands, (2) if large savings will result to the average consumer, (3) unit pricing of some commodities are difficult and unnecessary and, (4) the requiring of unit pricing will mean a greater overhead expense to the retailer.

Your Committee on Housing and Con-

sumer Protection concurs with the intent and purpose of **H. R. No. 291** and recommends its adoption.

Signed by all members of the Committee. Representative Wasai did not concur.

SCRep. No. 605-72 Legislative Management

Informing the House that **House Resolution Nos. 373 to 375**, and **Standing Committee Report Nos. 606-72 to 611-72**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 606-72 Education on **S. B. No. 1737-72**

The purpose of this bill is to amend portions of Chapter 317, Hawaii Revised Statutes, to further improve statewide student conferences and to involve a greater number of public school students in the conference.

The proposed amendments will broaden student participation to include a cross-section of all secondary students, modify procedures for appointment and representation to the Student Conference Committee, and change the effective dates of the conference thus making the conference more accessible to all students.

Your Committee on Education is in accord with the intent and purpose of **S. B. No. 1737-72** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 607-72 Education on **H. R. No. 229**

The purpose of this Resolution is to request the Department of Education to conduct a study on the feasibility of basing the deployment of vice principals on the number of staff members and innovative instructional programs assigned to a school, and that while the study is being conducted and until a determination is made the redeployment of vice principals be held in abeyance.

Presently, the assignment of vice principals is based on a formula utilizing student population. To be eligible for the services of a vice principal, a school must have a minimum enrollment of 750 students. The ap-

pointment of vice principals to schools which have less than 750 students is allowed "under special circumstances" provided that appropriations are available.

Your Committee finds that the emphasis on enrollment in the assignment of vice principals ignores essential factors which should be considered for effective school administrative staffing. Elements such as community characteristics (e.g. public housing areas, low income areas, areas of high incidence of crime and delinquency), the nature of the school population, and the increase in the number and complexity of educational programs being conducted in our schools today all require a great deal of administrative attention and guidance.

Schools which do not have the minimum student enrollment to warrant a vice principal are penalized despite the fact that it may have a high concentration of children from low-income families, have a high concentration of immigrant children and as a result administer and conduct a number of special and innovative instructional programs to meet the special needs of their students. These, in addition to the regular curricular activities, require a great deal of organization and coordination and places much responsibility on the principal. Thus, the assistance of a vice principal is highly essential to provide the necessary administrative support and guidance despite the fact that a school may not meet the minimum enrollment requirement to warrant a vice principal.

During the next school year twenty-eight vice principal positions, which based on enrollment have been designated as "over allocated", are proposed to be eliminated. In view of the above, your Committee recommends that while the study is being conducted and until a determination is made, the redeployment of vice principals be held in abeyance. Accordingly, **H. R. No. 229** has been amended to conform to your Committee's recommendations.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 229**, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as **H. R. No. 229, H. D. 1**.

Signed by all members of the Committee except Representative Iha.

SCRep. No. 608-72 Housing and Consumer Protection on H. R. No. 117

The purpose of this Resolution is to request the Governor and the commissioners of the Hawaii Housing Authority to develop housing units for the elderly of the County of Maui.

Your Committee has concluded that a majority of the elderly in the State are part of the low-income and gap groups that are in dire need of housing. The elderly, however, should be given consideration as a unique segment of the population because of their special needs. Furthermore, a congregation of the elderly in specific areas would be beneficial for purposes of companionship of ease in developing "slower-paced" activities and programs around their common interests, and of providing accessibility to adequately administer necessary health services.

Your Committee on Housing and Consumer Protection concurs with the intent and purpose of **H. R. No. 117** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 609-72 Housing and Consumer Protection on H. R. No. 106

The purpose of this Resolution is to request the Governor and the commissioners of the Hawaii Housing Authority to develop housing units for the elderly of the County of Hawaii in North Hilo, Hamakua, and Kohala.

Your Committee has concluded that a majority of the elderly in the State are part of the low-income and gap groups that are in dire need of housing. The elderly, however, should be given consideration as a unique segment of the population because of their special needs. Furthermore, a congregation of the elderly in specific areas would be beneficial for purposes of companionship of ease in developing "slower-paced" activities and programs around their common interests, and of providing accessibility to adequately administer necessary health services.

Your Committee on Housing and Consumer Protection concurs with the intent and

purpose of **H. R. No. 106** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 610-72 Lands on H. R. No. 142

The purpose of this resolution is to request the Superintendent of the Hawaii Volcanoes National Park to include the selective control of wild pigs in the Park's program of plant and animal conservation. The program currently includes goats and it is becoming increasingly evident that pigs are also responsible for destruction of the Park's ecosystem.

Your Committee on Lands concurs with the intent and purpose of **H. R. No. 142, H. D. 1** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 611-72 Judiciary on H. R. No. 59

The purpose of this Resolution is to request the Hawaiian Homes Commission to hold in abeyance any action of a nature similar to that of the rezoning of Hawaiian homes lands in Hawaii County until the Attorney General can advise the Commission as to the legal ramifications of such action.

A problem has been created by the opinion of the Hawaii County Corporation Counsel that Hawaiian homes lands leased to native Hawaiians for residential and agricultural purposes are not subject to county zoning restrictions. The State Attorney General's office is presently studying the question of jurisdiction in this particular situation. Any action taken prior the receipt of the Attorney General's opinion on the matter may be difficult to rectify.

Your Committee on Judiciary concurs with the intent and purpose of **H. R. No. 59** and recommends that it be adopted.

Signed by all members of the Committee.

SCRep. No. 612-72 (Majority) Judiciary on S. B. No. 1035

The purpose of this bill is to amend Section 404-4, Hawaii Revised Statutes, so as to permit cash or any other property to be dis-

tributed in lieu of or partially in lieu of shares of the resulting state bank to stockholders of the merging banks or any class of them in a merger of banks governed by Chapter 404, Hawaii Revised Statutes. Section 404-4 now requires that a bank merger agreement contain provisions governing the manner of converting the shares of the merging banks into shares of the resulting state bank. By permitting property to be distributed in lieu of shares of the resulting state bank, the amendment would incorporate into Chapter 404, in part, comparable provisions of Section 417-3, governing the merger of business corporations.

The amendment does not incorporate into Section 404-4 certain restrictive provisions of Section 417-3. Section 417-3 has been administratively interpreted as requiring that assets distributed in a merger be limited to assets of the constituent corporations. The merger statutes of other jurisdictions do not contain this limitation, and it has not been included in the amendment of Section 404-4. Section 417-3 also imposes certain requirements, with respect to asset/liability ratios resulting from the distribution of property in a merger, which are inappropriate as applied to a merger of banks and which have not been included in the amendment of Section 404-4. On the other hand, all of the provisions of a bank merger agreement are subject to the approval of the Director of Regulatory Agencies pursuant to the provisions of Section 404-4, which is not the case with respect to a merger governed by Section 417-3.

The principal reason presented to your Committee for the enactment of this bill is that state banks would thereby be enabled to use statutory merger procedures similar to those presently available to national banks, in order to convert their corporate structures into holding companies. The bill has the approval of the Director of Regulatory Agencies. Your Committee concurs in the view that state banks should be able to obtain the same organizational advantages and flexibility as national banks. The use of the merger procedures provided by this bill for the creation of bank holding companies would be subject to the prior approval, in each case, of the Director of Regulatory Agencies and also subject to the prior approval of the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended.

Your Committee on Judiciary is in accord

with the intent and purpose of **S. B. No. 1035** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representatives Roehrig and Wong did not concur.

SCRep. No. 613-72 Judiciary on **S. B. No. 1424-72**

The purpose of this bill is to establish a uniform minimum age for marriage, with the general minimum age at sixteen, instead of sixteen for females and eighteen for males; the special case requiring approval by the family court at fifteen, instead of fifteen for females and seventeen for males; and the parental consent requirement for persons under eighteen, instead of eighteen for females and twenty for males.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1424-72** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 614-72 Judiciary on **S. B. No. 1560-72**

The purpose of this bill is to amend Section 11-139, Hawaii Revised Statutes, to provide a special voting procedure to assist the physically disabled voters in exercising their voting rights and privileges.

Favorable testimony was presented by the office of the lieutenant governor and the Governor's Committee on Employment of the Handicapped. The Governor's Committee noted: "There should be no barriers, physically or otherwise, at a polling place which are prejudicial, discriminatory or additionally impair the independence of the physically disabled voter."

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1560-72, S. D. 1**, and recommends that it pass Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 615-72 Judiciary on **S. B. No. 1580-72**

The purpose of this bill is to amend the present statute relating to limitation of action for damages based on professional services of licensed construction to improve real property from ten years to six years.

Your Committee finds that ample justification for a reduction in the length of limitation has been presented by the General Contractors Association of Hawaii and the Consulting Engineers Council of Hawaii. Specifically, they noted that:

(1) Records get lost with time so that the basis for defense becomes cloudy.

(2) Witnesses die or move away.

(3) The longer the statutory period, the harder it becomes to distinguish between negligence in design or construction and negligence in maintenance.

(4) In Hawaii, almost 80 per cent of all claims are initiated in the first three years.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1580-72, S. D. 1** and recommends that it pass Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 616-72 Judiciary on S. B. No. 623

The purpose of this bill is to amend various sections of Chapter 6, Hawaii Revised Statutes, to clarify departmental procedures relating to the State's historic preservation program in the following ways.

First, it calls for a review of public lands on which construction or improvement is planned. The review would be conducted by the staff of the Hawaii Register of Historic Places for the purpose of determining the presence of archaeological and historical sites. This will help prevent the accidental despoilation by state and county agencies.

Second, previously recorded significant sites on private lands would be protected by the amendment requiring the landowner to notify the Department of Land and Natural Resources if the land is to be altered or improved. This amendment would prevent the destruction of many sites on private lands which are not now protected by law.

Next, the amendment to section 11.1 would insert archaeological review as one of the required steps in the process of changing the zone designation of land. This will allow a long range and systematic antiquities preservation program to be initiated dealing with those lands whose status is being changed from relatively undeveloped land to land available for development.

Fourth, the amendment to section 14 provides protection for antiquities on private lands from despoilation by vandals, as it requires that anyone removing or injuring objects or sites without the owner's permission may be fined or imprisoned.

Finally, a new section entitled "enforcement" specifically directs officers of all state and county agencies to assist in enforcing this chapter, and states that any citizen of the state may bring action against violations of chapter 6.

Your Committee effected two amendments to this bill. Section 2 of the bill, amending H. R. S. Section 6-11, basically required a private landowner who has notice that a significant historical site is located on his land to give the Department of Land and Natural Resources one year's notice of his intention to construct, alter, or improve the site and wait up to one year for the department to act on such notice.

Your Committee on Judiciary was concerned with the constitutionality of the one-year requirement. Such a requirement appears to constitute a taking of private property for public use without just compensation, violating the Due Process clause of the Fourteenth Amendment. The express guarantee of due process is found in the Fifth Amendment to the Constitution, but this guarantee has been held to apply to the states through the Fourteenth Amendment.

Upon advice from the State Attorney General's office, your Committee reduced the one-year requirement to five months. In that opinion, the Attorney General stated:

"Applying the principles set forth in **Keystone Associates, supra**, it is our opinion that **S. B. No. 623, S. D. 2** would be unconstitutional, since it deprives the owner without just compensation for a period of one year of his right to build, alter or make improvements on his property, contrary to the Fourteenth Amend-

ment of the United States Constitution and Article I, Section 18 of the State Constitution.”

In the specific case relied on by the Attorney General, a 180-day limitation was held unconstitutional as taking of private property for public use without just compensation. A one-year limitation would a fortiori be unconstitutional.

The other amendment effected by your Committee concerned Section 5 of the bill. The pertinent part of Section 5, amending H. R. S. Section 6-14, authorizes the Department of Land and Natural Resources to seize, deposit and preserve in public museums any prehistorical objects and remains which have been taken without a permit from private lands.

This authorization also may constitute an unconstitutional taking of private property for public use without just compensation in violation of the Fourteenth Amendment to the Constitution. The Attorney General, in an opinion hereinbefore cited, concluded that such authorization was unconstitutional.

Therefore, your Committee added language to the effect that such objects and remains shall either be seized, deposited and preserved in public museums or shall be returned to the site from which they were taken.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 623, S. D. 2**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 623, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 617-72 Judiciary on **S. B. No. 466**

The purpose of this bill is to reduce the legal residence requirement for eligibility to take the examination for medical licensure from one year to six months.

Your Committee heard testimony from the Board of Medical Examiners, State of Hawaii and the Hawaii Medical Association among others. While opinions differed on how long a legal residence should be, there was no expressed disagreement that prior to licensure, a candidate's period of supervision in this

state under a licensed physician or surgeon would aid in maintaining standards of moral character and medical competence. For the welfare of the public, it is better that such problems of the applicant be detected prior to licensure than to have it brought before the Medical Practice Committee by patient complaints.

Your Committee has amended **S. B. No. 466** to provide that all persons shall for at least a six-month period prior to his licensure be under the continuous supervision of a physician or surgeon, licensed under the laws of this state, who shall file a confidential report on the candidate's character and performance with the Board of Medical Examiners prior to the examination.

In its amended form, the bill allows a physician to take the examination without regard to his residency and makes the six months' supervision a condition only to his obtaining a license.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 466**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 466, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 618-72 Labor on **S. B. No. 2014-72**

The purpose of this bill is to repeal Chapter 376 of the Hawaii Revised Statutes, the Industrial Safety Law, and to enact in its place a new Occupational Safety and Health Law which would meet the requirements of the Federal Occupational Safety and Health Act, Public Law 91-596.

On December 29, 1970, Congress passed Public Law 91-596, the Occupational Safety and Health Act of 1970, and established minimum occupational safety and health standards enforceable in all of the states. Theoretically, the field of safety and health legislation has now been pre-empted by Congress. Under Public Law 91-596, however, a state will still be allowed to enact and administer its own occupational safety and health program if the program meets the minimum standards set forth in the Federal law and is approved by the United States Department of Labor. Should the foregoing conditions not

be met, the Federal law will be directly applicable in the state under the administration of the U. S. Department of Labor.

This bill proposes to repeal our present Industrial Safety Law and to re-enact its provisions as part of an expanded Occupational Safety and Health Law which will make it possible for Hawaii to administer its own occupational safety and health program. Your Committee agrees that the enforcement of an occupational safety and health program should remain within the jurisdiction and authority of our department of labor and industrial relations.

Your Committee previously conducted a public hearing on this bill's companion measure, **H. B. No. 2527-72**. Some objections to the provisions of **H. B. No. 2527-72** were raised at said hearing but your Committee notes that the provisions which generated the strongest objections have been removed from the Senate bill.

Your Committee on Labor is in accord with **S. B. No. 2014-72, S. D. 1**, and recommends that it pass second reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 619-72 Housing and Consumer Protection on **H. R. No. 348**

The purpose of this Resolution is to request the Legislative Reference Bureau to undertake a systematic study of Hawaii's use of federal housing and housing-related programs.

The housing shortage in Hawaii has been a critical problem in Hawaii for more than two decades. Although many federal and state laws designed to ease the dilemma have been enacted, it is, unquestionably, still one of the most pressing social need in Hawaii, and unless corrective programs are accelerated, your Committee predicts that the problem will become more critical. In fact without immediate action by all concerned, the consequences would be disastrous.

While these benevolent statutes have been long available for implementation by state and county agencies, your Committee is very disappointed with the results to date achieved by these agencies. This is evidenced by the many other resolutions relating to the problem and considered by your Committee.

They are **H. R. No. 323, H. R. No. 324, H. R. No. 350, H. R. No. 354, H. R. No. 355, H. C. R. No. 41** and **H. C. R. No. 42**. These resolutions are concerned with specific troublesome areas such as urban renewal and citizen participation and treatment in projects of this complex problem.

Each subject matter of the resolutions merits serious review, but your Committee believes they are included under the broad language of this resolution. It is, therefore, the intent of your Committee that the concerns expressed in these resolutions be studied by the Legislative Reference Bureau.

Your Committee on Housing and Consumer Protection concurs with the intent and purpose of **H. R. No. 348** and recommends that it be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 620-72 Higher Education on **H. R. No. 236**

The purpose of this resolution is to request the College of Education at the University of Hawaii to develop a pilot program in the elementary schools. It is also the request that in developing the program, the United States Department of Commerce National Bureau of Standards report, **A Metric America, A Decision Whose Time Has Come**, be consulted.

Your Committee finds that the United States is the only country in the world that has not converted to the Metric System of Measurement. This has a tremendous effect on our economy and technology, especially here in Hawaii where we already conduct much trade and have the potential for conducting even greater trade with the countries of Asia who have all converted to the Metric System. According to George Mattimoe, Division of Weights and Measures, State Department of Agriculture, the lack of a common system of measurement severely hampers the import and export of the many measurement sensitive products, in that we cannot directly exchange products without first adjusting them to the very different measuring system of the other.

Your Committee further finds that our current "system", if it can be called that, uses several different unit systems that are not easily interchangeable. To illustrate the

meaningless complexity of this system, a dry quart is 16% larger in volume than a liquid quart; an inch is one-twelfth of one-third of a yard. Under the metric system we will have only one measure of length: the meter, or some decimal multiple or submultiple thereof; and one measure of volume: the liter, or some decimal fraction thereof.

Your Committee also notes that the International Organization for Standardization has set the metric system as the internationally recognized standard measure. The United States is a member of this organization and is the only one not to comply with establishing a standard; the Metric System.

Your Committee emphasizes that the international language has long been established, and there no longer remains any question over the advisability of adopting the Metric System, but only how soon. With the opening of relations with the People's Republic of China and the continued trade with the rest of the Asian countries, coupled with a unique cross-roads position, Hawaii is especially sensitive to the measurement language barriers that exists and should take the initial steps to lead the nation in developing this pilot program.

Moreover, along educational lines, the National Education Association has stated that a carefully planned effort to convert to the metric system is essential to the future of American industrial and technological development. The College of Education at the University of Hawaii has pioneered in many curriculum efforts with the Department of Education, and your Committee recommends that relevant personnel from its Curriculum and Instruction Department and Department of Education Curriculum personnel be consulted in planning this program. Attempts should also be made to consult educational plans of other states—even if they are in process—and of other countries, especially those on the continent and in Japan.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 236** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 621-72 Public Health, Youth and General Welfare on **S. B. No. 1906-72**

The purpose of this bill is to provide for a statewide network of noise control standards with sufficient capabilities to develop a sound and forceful noise control program and thereafter to utilize noise abatement techniques under the supervision of a coordinating State agency for environmental affairs.

Your Committee is cognizant of the fact that the noise pollution in our State is reaching serious levels and measures must be taken to minimize and prevent further growth in this area. The creation of a statewide network of noise control standards would enable the coordinating State agency for environmental affairs to enforce rules and regulations designed to achieve a reasonable noise level.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **S. B. No. 1906-72, S. D. 1**, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 622-72 Public Health, Youth and General Welfare on **H. R. No. 312**

The purpose of this Resolution is to request the Legislative Reference Bureau and a Temporary Advisory Council on Nutritional Status to cooperate in reviewing and evaluating current information on nutritional status in the State of Hawaii; in collecting and analyzing such additional data on nutritional status in Hawaii; in recommending specific legislation which would help correct any nutritional deficiencies discovered; and in recommending ways in which present and future nutritional programs in Hawaii may be more closely coordinated.

Your Committee has found that no definitive study of nutritional status has been conducted in Hawaii. Since the dietary patterns of the State's population are the determining factors of physical, mental and emotional health, such a study is imperative at this time.

Your Committee on Public Health, Youth and General Welfare concurs with the intent and purpose of **H. R. No. 312** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

SCRep. No. 623-72 Public Health, Youth and General Welfare on **H. R. No. 349**

The purpose of this Resolution is to commend the Hawaii Environmental Simulation Laboratory for its initial efforts in establishing effective links between research on environmental matters on one hand, and the political decision-makers and those who advise them on the other hand. This Resolution further encourages the Laboratory to extend and expand its operations as rapidly as possible.

The Hawaii Environmental Simulation Laboratory had been established to serve the entire community and particularly to assist governmental decision-makers and those who advise them by analyzing events and decisions which affect the environment and by identifying the ramifications which are likely to occur if particular courses of actions are pursued.

Your Committee on Public Health, Youth and General Welfare concurs with the intent and purpose of **H. R. No. 349** and recommends that it be referred to the Committee on Higher Education.

Signed by all members of the Committee except Representative Wedemeyer.

SCRep. No. 624-72 Judiciary on **S. B. No. 1367-72**

The purpose of this bill is to change Hawaii's present qualification requirements in Chapter 464 of the Hawaii Revised Statutes for registration as an architect to parallel new national requirements for architect applicants.

Your Committee heard testimony in favor of this bill from a representative of the Board of Registration of Professional Engineers, Architects, Land Surveyors, and Landscape Architects of the State of Hawaii. Your Committee recognizes that far-reaching changes underway in education and in the practice of architecture demand a change of the registration requirements and concurs with the intent of this bill to allow additional alternate routes toward registration as an architect.

Your Committee amended **Senate Bill No. 1367-72** to specify requirements for persons who have completed a 5-year architectural curriculum and hold a bachelors degree. This category was not covered by the Senate bill.

Your Committee also made technical changes to clarify sentence and paragraph structure.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1367-72, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 1367-72, S. D. 2, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 625-72 Judiciary on **S. B. No. 1612-72**

The purpose of this bill is amend section 459-7 of the Hawaii Revised Statutes to require continuing education for the annual relicensure of optometrists.

Your Committee recognizes the importance of continuing education to insure the public of the highest quality service. Your Committee believes that relicensing through continuing optometric education provides a mechanism by which an active practitioner may keep abreast of new developments in optometry.

Your Committee, upon consideration of the matter, has amended the bill by providing that the continuing education program requirement be established by the board instead of a requirement of not less than eight hours of continuing education program. Your Committee believes that the licensing board should be authorized to set the requirements for relicensure.

Your Committee on Judiciary is in accord with intent and purpose of **S. B. No. 1612-72** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1612-72, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 626-72 Judiciary on **S. B. No. 1719-72**

The purpose of this bill is to provide for the forfeiture of contraband motor vehicles and parts.

The 1966 Legislature enacted Section 286-43 and 286-44, which relate to altering, defacing or removing manufacturer's iden-

tification numbers from a motor vehicle or component part and providing that the possession of same was illegal. We have had testimony that during the last six years, the Honolulu Police Department has treated these motor vehicles and parts as contraband and withheld their return to those persons charged under the defacing sections of the statutes. Some attorneys have questioned the authoritative basis for such action.

What this bill will do is provide a legal basis for retention and subsequent disposition of these illegal vehicles or parts in much the same manner as illegal firearms and other items are forfeited to the State when used in crimes or when the possession of same is illegal. In most instances, the techniques of investigation or laboratory tests will permit police departments to identify the lawful owner of such vehicles or parts, and the bill provides for the return to the owner in those instances.

The great advantage of the bill will be to prevent return of the fruits of a crime to a thief or anyone else who would stand to illegally profit from the theft.

Your Committee feels that this new authority should be placed in the same section of the Hawaii Revised Statutes which declares the possession of such vehicles and parts to be unlawful. We have therefore amended the bill so that a new section is not added. This also requires that we amend the title to delete the phrase which states that a new section is added. The now more restricted title reads:

AMENDING CHAPTER 286, HAWAII REVISED STATUTES, RELATING TO FORFEITURE OF VEHICLE OR PARTS THEREOF.

We have also provided for notice to lien holders and have made other technical changes.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1719-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 1719-72, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 627-72 Judiciary on S. B. No. 10

The purpose of this bill is to amend present procedures regarding the issuance of permits for activities or operations which cause air pollution so as to require emitters or potential emitters of air pollution to supply the department of health with information relative to their air pollution devices, composition and quality of emissions, and other matters relative to air pollution, and allows the department to obtain such information without the consent of the person or firm concerned.

These amendments would greatly enhance the department's ability to take prompt action necessary for the control of air pollution, improving substantially on present procedures.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 10, S. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 628-72 Judiciary on S. B. No. 11

The purpose of this bill is to expedite enforcement procedures for violations of the air pollution rules and regulations of the department of health by eliminating the requirement for a hearing pursuant to such violations.

Your Committee feels that this change would simplify and expedite the enforcement procedure for violations of departmental air pollution rules and regulations, and would allow the department to order the violator to take the necessary corrective measures within a reasonable time, without the notices, progress reports, and time loss incumbent with the necessity of a hearing. If the necessary corrective measures are not taken by the violator, the department may then institute legal proceedings.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 11, S. D. 1, H. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 629-72 Finance on S. B. No. 241

The purpose of this bill is to amend the existing law relating to recovery of the amount of public assistance granted from the estate of a deceased public assistance recipient, and also to provide for a statutory base which prohibits the State from placing a lien or claim against real or personal property and from recovering from the estate the amount of public assistance granted.

Under existing law the department of social services and housing may file a claim against the estate of the amount granted in public assistance. The concept engendered by this bill is that monies allocated to a recipient are granted on the basis of a current need on the part of the welfare recipient and that such monies granted but not expended should not be subject to recovery by the State.

The bill is consistent with the program objective of the Social Welfare administration. Public assistance as an entitlement to meet current subsistence needs should not be contingent upon attachment of property or recovery from estate. This bill is also consonant with federal regulations under the public assistance titles of the Social Security Act. There is no mandatory federal requirement for the placing of liens on the property of a recipient of public assistance or for recovery from the estate of deceased recipients. With respect to liens, this bill conforms to Executive Order effective October 1962, suspending lien provisions in the Old Age Assistance as a basis for combining adult programs for Aged, Blind, and Disabled and to gain additional matching funds.

Past experience indicates that a negligible number of public assistance recipients leave estates subject to recovery and that administrative expenses involved in recovery hardly warrants such a provision.

Your Committee has annexed hereto copies of Senate **Stand. Com. Rep. Nos. 157-72** and **403-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 241, S. D. 1** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 403-72 Ways and Means on S. B. No. 241, S. D. 1

The purpose of this bill is related to recovery of the amount of public assistance granted from the estate of a deceased public assistance recipient. It also provides for a statutory base which prohibits the State from placing a lien or claim against real or personal property and from recovering from the estate the amount of public assistance granted.

The bill is consistent with the program objectives of the Social Welfare administration. Public assistance as an entitlement to meet current subsistence needs should not be contingent upon attachment of property or recovery from estate. This bill is also consonant with federal regulations under the public assistance titles of the Social Security Act. There is no mandatory federal requirement for the placing of liens on the property of a recipient of public assistance or for recovery from the estate of deceased recipients. With respect to liens, this bill conforms to Executive Order effective October 1962 suspending lien provisions in the Old Age Assistance as a basis for combining adult programs for Aged, Blind, and Disabled and to gain additional matching funds.

Past experience indicates that a negligible number of public assistance recipients leave estates subject to recovery and that administrative expenses involved in recovery hardly warrants such a provision.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 241, S. D. 1**, and recommends its passage on Third Reading.

Signed by all members of the Committee.

SCRep. 157-72 Human Resources on S. B. No. 241, S. D. 1

The purpose of this bill is related to recovery of the amount of public assistance granted from the estate of a deceased public assistance recipient. It also provides for a statutory base which prohibits the State from placing a lien or claim against real or personal property and from recovering from the estate the amount of public assistance granted.

The bill is consistent with the program objectives of the Social Welfare administration.

Public assistance as an entitlement to meet current subsistence needs should not be contingent upon attachment of property or recovery from estate. This bill is also consonant with federal regulations under the public assistance titles of the Social Security Act. There is no mandatory federal requirement for the placing of liens on the property of a recipient of public assistance or for recovery from the estate of deceased recipients. With respect to liens, this bill conforms to Executive Order effective October 1962 suspending lien provisions in the Old Age Assistance as a basis for combining adult programs for Aged, Blind, and Disabled and to gain additional matching funds.

Your Committee on Human Resources feels that experience indicates that a negligible number of public assistance recipients leave estates subject to recovery and that administrative expenses involved in recovery hardly warrants such a provision.

Your Committee considered the bill in the 1971 Regular Session (**Standing Committee Report No. 222**) and our position has not changed since then.

Your Committee on Human Resources is in accord with the intent and purpose of **S. B. No. 241, S. D. 1**, and recommends its referral to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. No. 630-72 Finance on S. B. No. 770

The purpose of this bill is to add to and amend various statutory provisions relating to bicycles, defacing of their identification, dealers records required, proof of ownership upon registration, and that taxes collected under the county vehicular tax "highway fund" shall be expended for the design and construction of bikeways.

The bill provides for the following:

1. A penalty for defacing, destroying, or altering the serial number, a component part number, or identification mark of bicycle.
2. Requires a person who is in the business of selling bicycles to keep a record for four years of the name of the purchaser, the serial number, description and make of the bicycle sold.

3. Requires a proof of ownership of a bicycle at the time of the initial registration of the bicycle.

4. Authorizes the treasurer to examine the bicycle to verify the serial number and description contained in the proof of ownership and the application for registration.

5. Provides that the revenues from registration of bicycles, which are deposited into the county "highway fund" under Sec. 249-18, shall be expended in the county in which they are collected "for the design and construction of bikeways."

Your Committee has annexed hereto copies of Senate **Stand. Com. Rep. Nos. 127-72** and **404-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 770** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 404-72 Ways and Means on S. B. No. 770

The purpose of this Bill is to restrict the defacing of identification of bicycles.

The Bill provides for the following:

1. A penalty for defacing, destroying, or altering the serial number, a component part number, or identification mark of bicycle.
2. Requires a person who is in the business of selling bicycles to keep a record for four years of the name of the purchaser, the serial number, description and make of the bicycle sold.
3. Requires a proof of ownership of a bicycle at the time of the initial registration of the bicycle.
4. Authorizes the treasurer to examine the bicycle to verify the serial number and description contained in the proof of ownership and the application for registration.

The Bill further provides that the revenues derived from registration of bicycles may be used for the design and construction of bikeways.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 770**, and recommends its passage on Third Reading.

Signed by all members of the Committee.

SCRep. 127-72 Transportation on **S. B. No. 770**

The bill provides the following:

1. A penalty for defacing, destroying, or altering the serial number, a component part number, or identification mark of a bicycle.
2. Requires a person who is in the business of selling bicycles to keep a record for four years of the name of the purchaser, the serial number, description and make of the bicycle sold.
3. Requires a proof of ownership of a bicycle at the time of the initial registration of the bicycle.
4. Authorizes the treasurer to examine the bicycle to verify the serial number and description contained in the proof of ownership and the application for registration.
5. Adds the purpose of designing and constructing bikeways to the list of purposes for which the county highway fund may be used.

Your Committee considered the bill in the 1971 Regular Session (**Standing Committee Report No. 103**) and our position has not changed since then.

Your Committee on Transportation is in accord with the intent and purpose of **S. B. No. 770** and recommends that it be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. No. 631-72 Finance on **S. B. No. 881**

The purpose of this bill is to provide enabling legislation for the establishment of State marketing agreements and orders, pursuant to which the board of agriculture may, after due notice and opportunity for hearing, enter into marketing agreements with processors, distributors, producers, and handlers of any agricultural commodity, regulating the preparation, sale, and handling of that agricultural commodity.

The marketing agreement shall be binding only upon those signing the agreement. The execution of the marketing agreement shall in no way affect the issuance, administration, or enforcement of any marketing order. The board may issue a marketing order without executing a marketing agreement or may execute a marketing agreement without issuing a marketing order covering the same commodity.

It is recognized that the marketing of Hawaiian agricultural commodities, when in excess of reasonable and normal market demands, creates disorderly marketing conditions. The ramifications of such conditions lead to improper preparation for market, the lack of uniform grading and classification of agricultural commodities, unfair methods of competition in marketing of agricultural commodities, and the inability of the individual producers to develop new and larger markets for Hawaii-grown agricultural commodities. As a result, there is an unreasonable and unnecessary economic waste of the agricultural wealth of the State. Such conditions and the accompanying waste jeopardize the continued production of adequate food supplies for the people of this State and other states, and prevent agricultural producers from obtaining a fair return for their labor. As a consequence, the purchasing power of such producers has been in the past, and may continue to be in the future, low in relation to that of persons engaged in other gainful occupations unless such conditions are remedied. Disorderly marketing conditions ultimately affect the consumer who must pay higher prices for their agricultural products due to the seasonal fluctuations involved in unpredictable supply and demand. The disregard for essential health standards in agricultural products during disorderly marketing conditions directly affects the general health, safety, and public welfare of the people of this State.

Therefore, it is a matter of public policy for the State to develop efficient and equitable methods in the marketing of agricultural commodities, to aid agricultural producers in restoring and maintaining their purchasing power at a more equitable level in relation to the present cost of living, and to protect the public health, safety, and general welfare of the people of the State by assuring them of the highest standards of quality in the food they purchase.

As heretofore stated, but to emphasize again, the bill provides only for enabling legislation and will not impose a marketing order on any industry that does not want one. Industry members actually run the program through elected members to an administrative committee. The U. S. Sugar Act and the Hawaii Milk Control Act are legislated forms of marketing orders in which laws require industry compliance. These Acts differ considerably from this bill in that the proposed procedure is accomplished through public hearing and referendum.

Industry-wide marketing programs are not successful without some form of regulatory control. Marketing orders would provide such control. A State program will substantially assist Hawaii's agricultural industry. Marketing orders can be designed to meet each commodity group's particular needs. The consumer, in turn, benefits by avoidance of vacillation in supply and demand which ultimately results in higher prices.

Sec. -3(1) of the proposed "Hawaii Agricultural Marketing Act" fixes the scope thereof by defining "agricultural commodity" as including "horticultural (including floricultural), nuts, coffee, fruits, and vegetable products, livestock and livestock products, bees and honey, poultry and poultry products, egg and egg products, timber and Christmas trees, fish and fish products either in their natural state or as processed by the producer thereof or by a processor" Excepted, originally, were "milk and milk products". By floor amendment adopted prior to passage on third reading in the Senate, "pineapple" was added to the commodities excepted. A copy thereof is annexed hereto.

Also annexed hereto is a copy of Senate **Stand. Com. Rep No. 469-72** hereupon, the contents of which your Committee incorporates by reference herein.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 881, S. D. 1** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

AMENDMENT TO S. B. No. 881

Section 1 of **S. B. No. 881** is hereby

amended by amending definition (1) in page 3 to read as follows:

(1) "Agricultural commodity" means any agricultural product, including but not limited to, horticultural (including floricultural), nuts, coffee, fruits, and vegetable products, livestock and livestock products, bees and honey, poultry and poultry products, egg and egg products, timber and Christmas trees, fish and fish products either in their natural state or as processed by the producer thereof or by a processor, as defined in this section, except **pineapple**, milk and milk products.

(Explanation: Exempts pineapple from the scope of the act)

SCRep. 469-72 Economic Development S. B. No. 881

The purpose of this bill is to provide enabling legislation for the establishment of State marketing agreements and orders. The Board of Agriculture may, after due notice and opportunity for hearing, enter into marketing agreements with processors, distributors, producers, and handlers of any agricultural commodity, regulating the preparation, sale, and handling of that agricultural commodity.

The marketing agreement shall be binding only upon those signing the agreement. The execution of the marketing agreement shall in no way affect the issuance, administration, or enforcement of any marketing order. The Board may issue a marketing order without executing a marketing agreement or may execute a marketing agreement without issuing a marketing order covering the same commodity.

Your Committee finds that the marketing of Hawaiian agricultural commodities when in excess of reasonable and normal market demands creates disorderly marketing conditions. The ramifications of such conditions lead to improper preparation for market, the lack of uniform grading and classification of agricultural commodities, unfair methods of competition in marketing of agricultural commodities, and the inability of the individual producers to develop new and larger markets for Hawaii-grown agricultural commodities. As a result, there is an unreasonable and unnecessary economic waste of the agricultural wealth of the State. Such conditions and the accompanying waste jeopardizes the continued production of adequate

food supplies for the people of this State and other states, and prevents agricultural producers from obtaining a fair return for their labor. As a consequence, the purchasing power of such producers has been in the past, and may continue to be in the future, low in relation to that of persons engaged in other gainful occupations unless such conditions are remedied. Disorderly marketing conditions ultimately affect the consumer who must pay higher prices for their agricultural products due to the seasonal fluctuations involved in unpredictable supply and demand. The disregard for essential health standards in agricultural products during disorderly marketing conditions directly affects the general health, safety, and public welfare of the people of this State.

Your Committee further finds that it is the public policy of the State to develop efficient and equitable methods in the marketing of agricultural commodities, to aid agricultural producers in restoring and maintaining their purchasing power at a more equitable level in relation to the present cost of living, and to protect the public health, safety, and general welfare of the people of the State by assuring them of the highest standards of quality in the food they purchase.

Your Committee further finds that the bill provides only for enabling legislation and will not impose a marketing order on any industry that does not want one. Industry members actually run the program through elected members to an administrative committee. The U. S. Sugar Act and the Hawaii Milk Control Act are legislated forms of marketing orders in which laws require industry compliance. These Acts differ considerably from this bill in that the proposed procedure is accomplished through public hearing and referendum.

Industry-wide marketing programs are not successful without some form of regulatory control. Marketing orders would provide such control. A State program will substantially assist Hawaii's agricultural industry. Marketing orders can be designed to meet each commodity group's particular needs. The consumer, in turn, benefits by avoidance of vacillation in supply and demand which ultimately results in higher prices.

Your Committee on Economic Development is in accord with the intent and purpose of **S. B. No. 881** and recommends its passage on second reading and its referral to your

Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. No. 632-72 Finance on **S. B. No. 1061**

The purpose of this bill, is to amend various sections of the Criminal Injuries Compensation Act (Chapter 351, Hawaii Revised Statutes), and, to establish thereunder an "imprest fund" for emergency payments, appropriating therefor the sum of \$25,000.

The following is a list of the sections to be amended by the bill and the reasons therefor:

1. Sec. 351-2. The definition of "private citizen", which is defined to mean any person other than a peace officer of the State, would be modified. "Peace officer" is not defined in the statutes, and interpretive difficulty of the existing definition has been experienced by the Commission which is uncertain as to its intended meaning. The proposed definition provides greater specificity.

2. Sec. 351-17(a). The current statute does not clearly permit an order or decision of the Commission to be opened for revocation, confirmation or other modification. Such power is deemed essential to the effective administration of the law. Frequently, injured persons incur medical expenses subsequent to the date of the Commission's order or decision. The proposed modification would permit the Commission or the aggrieved party to ask for reconsideration in light of developments subsequent to the date of decision or order.

3. Sec. 351-17(b). The change suggested is relatively minor and is essentially procedural, being primarily as to language to accommodate the amendment of the prior subsection.

4. Sec. 351-31(a). Currently any person is eligible for compensation under Part III of the statute, "Compensation to Victims or Dependents". The proposed change would only make private citizens eligible. This, in effect, would exclude policemen engaged in the performance of their official duties.

5. Sec. 351-31(a)(2). As the law is presently written, it is possible to construe that funeral and burial expenses made by the parent of a child as not being permitted by the statute.

By adding the words “or death”, the statutory change would clarify the issue.

6. Sec. 351(a)(4). This new section would permit payment to parents of adult deceased victims or to adult sons or daughters of deceased victims for medical, hospital, funeral and burial expenses incurred as the result of the victim’s injury or death. Under the existing law, compensation can only be made to a person who is dependent upon, or who is responsible for the maintenance of the victim.

7. Sec. 351-61. It has been called to the attention of the Commission that victims have not fulfilled their financial obligations. Numerous providers have not been paid for their services. The modification to this section would give the Commission discretionary authority to make direct payment to the providers such as hospital, medical, funeral or burial services.

8. Sec. 351-63(a). The collateral source doctrine which is embodied in the current section has required the Commission on numerous occasions to award payment to a victim or a dependent who has received benefits for the same injury from sources such as Social Security, private medical coverage such as HMSA or Kaiser, Workmen’s Compensation, Veterans Administration benefits and others. The effect of this has been to permit some persons to receive what is tantamount to a double recovery and in substance would place the victim or dependent (as nearly as possible and within the statutory maximum of \$10,000) into a position where he suffered no net economic loss because of the injury or death. The Commission is of the view that the net economic loss plus pain and suffering approach to the compensation of victims and dependents is a more equitable and justifiable approach than one which in some cases permit double recovery.

9. Sec. 351- . This new section entitled “Emergency Payment Fund” establishes a \$25,000 “imprest fund” which would be used to make emergency payments to victims and dependents who are in immediate need of funds to meet hospital, medical, funeral or burial expenses arising out of the injury or death. Currently, the victims and dependents do not receive payment unless and until a legislative bill is enacted specifically approving the awards. In many instances this means a time lag of at least eight months and, in some instances, as many as eighteen or

twenty months between injury and compensation. In urgent cases, this has caused serious financial hardship to the victims and dependents.

Although Senate **Stand. Com. Rep. No. 329-72**, a copy of which is annexed hereto, refers to the fund hereby created as a “revolving fund”, your Committee believes this is an inadvertence considering the definition thereof contained in Sec. 37-62(43), Hawaii Revised Statutes. Instead, it is apparent that the fund is intended to achieve a purpose not unlike that which we, during the last legislative session, recommended for establishment under **S. B. No. 92** (Act 36, Session Laws of Hawaii, 1971) as to persons eligible for welfare benefits, but for which more immediate payments could not otherwise be made.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1061, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 329-72 Judiciary on **S. B. No. 1061**

The purpose of this bill is to amend various sections of the Criminal Injuries Compensation Act.

The following is a list of the sections to be amended and your Committee’s findings with respect to each.

1. Section 351-2. The definition of private citizen would be modified. Private citizen is defined to mean any person other than a peace officer of the State. Peace officer is not defined in the Hawaii Statutes. Interpretive difficulty of the existing definition has been experienced and the Commission is uncertain as to its intended meaning. The proposed definition would provide greater specificity.

2. Section 351-17(a). The current statute does not clearly permit an order or decision of the Commission to be opened for revocation, confirmation or other modification. Such power is deemed essential to the effective administration of the law. Frequently, injured persons incur medical expenses subsequent to the date of the Commission’s order or decision. The proposed modification would permit the Commission or the ag-

grieved party to ask for reconsideration in light of developments subsequent to the date of decision or order.

3. Section 351-17(b). The change suggested is relatively minor and is essentially procedural.

4. Section 351-31(a). Currently any person is eligible for compensation under Part III of the statute. The proposed change would only make private citizens eligible. This, in effect, would exclude policemen engaged in the performance of their official duties.

5. Section 351-31(a)(2). As the law is presently written, it is possible to construe that funeral and burial expenses made by the parent of a child as not being permitted by the statute. By adding the words "or death", the statutory change would clarify the issue.

6. Section 351(a)(4). This new section would permit payment to parents of adult deceased victims or to adult sons or daughters of deceased victims for medical, hospital, funeral and burial expenses incurred as the result of the victim's injury or death. Under the existing law, compensation can only be made to a person who is dependent upon, or who is responsible for the maintenance of the victim.

7. Section 351-61. It has been called to the attention of the Commission that victims have not fulfilled their financial obligations. Numerous providers have not been paid for their services. The modification to this section would give the Commission discretionary authority to make direct payment to the providers such as hospital, medical, funeral or burial services.

8. Section 351-63(a). The collateral source doctrine which is embodied in the current section has required the Commission on numerous occasions to award payment to a victim or a dependent who has received benefits for the same injury from sources such as Social Security, private medical coverage such as HMSA or Kaiser, Workmen's Compensation, Veterans Administration benefits and others. The effect of this has been to permit some persons to receive what is tantamount to a double recovery and in substance would place the victim or dependent (as nearly as possible and within the statutory maximum of \$10,000) into a position where he suffered no net economic loss because of the injury or death. The Commission is of the view that

the net economic loss plus pain and suffering approach to the compensation of victims and dependents is a more equitable and justifiable approach than one which in some cases permit double recovery.

9. Section 351- . This new section entitled "EMERGENCY PAYMENT FUND" would establish a \$100,000 revolving fund which would be used to make emergency payments to victims and dependents who are in immediate need of funds to meet hospital, medical, funeral or burial expenses arising out of the injury or death. Currently, the victims and dependents do not receive payment unless and until a legislative bill is enacted specifically approving the awards. In many instances this means a time lag of at least eight months and, in many instances, as many as eighteen or twenty months between injury and compensation. In some cases, this has caused serious financial hardship to the victims and dependents.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1061** and recommends that it pass second reading and be referred to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. No. 633-72 Finance on S. B. No. 1435-72

The purpose of this bill is to establish a central repository for all studies to be done by or for or financed by the State or one of its political subdivisions or any agency thereof.

As amended in the Senate, the bill specifically designates the Archives as the repository, and requires that advance notice of any study be given to the Archives in advance of contractual agreement therefor. The Archives has also been directed to maintain a current index of all studies made. The hope is that the usefulness and availability of studies can be increased and the work done in the past can perhaps eliminate the need for a particular study or at least direct it to more meaningful conclusions.

The Senate also amended the bill to require that a finalized copy of any such study be furnished to the legislative reference bureau. Your Committee has further amended the bill to require submission of a finalized copy

to the legislative auditor, which was achieved by the specification thereof in the last sentence of the last paragraph.

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 474-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1435-72, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1435-72, S. D. 1, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 474-72 Government on **S. B. No. 1435-72**

The purpose of this bill is to establish a central repository for all studies to be done by or for or financed by the State of one of its political subdivisions or any agency thereof.

Your Committee has amended the bill by designating the Archives as the logical repository and by requiring that advance notice of any study be given to the Archives. The Archives has also been directed to maintain a current index of all studies made. The hope of the Committee is that the usefulness and availability of studies can be increased and the work done in the past can perhaps eliminate the need for a particular study or at least direct it to more meaningful conclusions.

Your Committee has also required that a finalized copy of any such study be furnished to the Legislative Reference Bureau.

Your Committee on Government Operations is in accord with the intent and purpose of **S. B. 1435-72**, as amended in the form attached hereto as **S. B. 1435-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 634-72 Finance on **S. B. No. 1588-72**

The purpose of this bill is to establish a public broadcasting authority composed of an appointive board principally to control

and manage facilities for educational television, and to produce and otherwise obtain programs for broadcast intended to enlighten Hawaii's people.

Enactment hereof provides implementation for the recommendations of the Senate Interim Committee on Educational Television as outlined in **Special Committee Report No. 4**. Specifically, this bill establishes an organization to be known as the "Hawaii public broadcasting authority" under a governing body to be known as the "board of public broadcasting" whose members are appointed by the governor, with the advise and consent of the senate. Appointments are for staggered six-year terms, and the members serve without compensation (except of travel and other expenses). In addition to the appointed members, the president of the university of Hawaii and the superintendent of education will serve as ex-officio, non-voting members of the Board.

The Authority will replace the board of regents of the university of Hawaii as the FCC licensee for KHET, and will serve as the administrative and policy-making body for educational television in Hawaii. The Authority will hire an executive director to function as a general manager of all public broadcasting facilities and manage the day-to-day operations of KHET, and will itself be under the administrative aegis of the department of regulatory agencies.

One of the primary responsibilities of the Board is to establish policies for "the allocation of air time, including the basic allocation of air time between instructional television and public television." It is further provided in the bill that the Authority shall coordinate "when appropriate, the compatibility of equipment and systems acquired and used by other agencies . . ." which it is believed will provide desired flexibility.

The provisions of this bill do not require an appropriation of funds during the present legislative session. In lieu of new funding, the bill provides for interim measures whereby all employees of the university of Hawaii division of educational television shall be temporarily assigned to the public broadcasting authority; and the university of Hawaii shall continue to be responsible for expenditures for personnel, property, facilities, equipment and all other costs re-

lating to the management, operation and maintenance of the educational television network, as authorized in the 1971-73 biennial budget.

The bill provides the Authority with the power to solicit and receive funds from private sources. It is the hope of your Committee, just as it was the expressed hope of the Senate Committee on Ways and Means in its recommendations hereupon under **Stand. Com. Rep. No. 406-72**, that the Hawaii public broadcasting authority will be able to lessen its reliance on State funds, and move in the direction of financial independence from the State, which is the situation in many areas of the mainland where ETV is funded entirely from private sources.

Your Committee has effected the following amendments to the bill, as amended.

(1) The number of members of the board of public broadcasting has been increased from nine to fifteen (p. 2, line 5). Accordingly, the number of members appointed for each of the three staggered terms has been increased from three to five (p. 2, line 19-21).

(2) Therefore, the number of members constituting a quorum and the number who may call a meeting has been increased from five to eight (p. 3, lines 21 and 13, respectively).

(3) It has been expressly provided that appointments shall be pursuant to section 26-34, Hawaii Revised Statutes, which covers such matters as removal and filling of vacancies, and, therefore, those provisions in the bill (which are not inconsistent therewith) have been deleted (p. 2, lines 13-14 and 22-24, respectively).

(4) A provision has been added that "the composition of the board shall reflect the distribution of the State population, with consideration for the varied community needs and interest in public broadcasting; provided, that there shall be at least one member from each of the counties of the State." (p. 2, commencing at line 8).

(5) In that members cannot serve more than two consecutive terms of six years (Sec. -3), and the chairman is selected annually (Sec. -5), with respect to the provision that the chairman is limited to consecutive tenure, it has been provided that the same shall for two consecutive "years" (rather than "terms"). (p. 3, line 7).

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 406-72** hereupon, the contents of which, to the extent not inconsistent herewith, are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1588-72, S. D. 2**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1588-72, S. D. 2, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 406-72 Ways and Means on **S. B. No. 1588-72, S. D. 1**

The purpose of this bill is to provide implementation for the recommendations of the Senate Interim Committee on Educational Television as outlined in **Special Committee Report No. 4**. Specifically, this bill will create a Public Broadcasting Authority composed of a nine-member Board, with the members to be appointed to overlapping six-year terms by the Governor with the advice and consent of the Senate. In addition to the nine appointed members, the President of the University of Hawaii and the Superintendent of Education will serve as ex-officio, nonvoting members of the Board. The Authority will replace the Board of Regents of the University of Hawaii as the FCC licensee for KHET, and will serve as the administrative and policy-making body for educational television in Hawaii. The Authority will hire an executive director to function as a general manager of all public broadcasting facilities and manage the day-to-day operations of KHET, and will itself be under the administrative aegis of the Department of Regulatory Agencies.

Your Committee would like to point out that this bill will not require an appropriation of funds during the present Legislative Session. In lieu of new funding, the bill provides for interim measures whereby all employees of the University of Hawaii division of educational television shall be temporarily assigned to the Public Broadcasting Authority, and the University of Hawaii shall continue to be responsible for expenditures for personnel, property, facilities, equipment and all other costs relating to the management, operation and maintenance of the educational television network, as authorized in the 1971-73 biennial budget.

The bill provides that the Authority shall coordinate "when appropriate, the compatibility of equipment and systems acquired and used by other agencies . . ." which the Committee believes will provide desired flexibility.

The bill provides the Authority with the power to solicit and receive funds from private sources. It is the hope of your Committee that the Public Broadcasting Authority will be able to lessen its reliance on State funds, and move in the direction of financial independence from the State, which is the situation in many areas of the mainland where ETV is funded entirely from private sources.

Your Committee concurs with the findings and recommendations of the Senate Interim Committee on Educational Television as delineated in **Special Committee Report No. 4**.

Your Committee notes that both **Special Committee Report No. 4** and **S. B. No. 1588-72, S. D. 1** as amended, are unanimously supported by the present ETV Council, the University of Hawaii, and the Department of Education.

Your Committee has amended **S. B. No. 1588-72, S. D. 1**, to:

(1) provide for the development of a compensation plan subject to the approval of the 1973 Legislature; and

(2) amend the effective date to provide for the timely transfer of responsibility from the ETV Council to the Hawaii Public Broadcasting Authority.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1588-72, S. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 1588-72, S. D. 2**.

Signed by all members of the Committee.

SCRep. No. 635-72 Finance on **S. B. No. 1650-72**

The purpose of this bill is to establish the nature and type of services to the elderly, disabled and aged who are qualified to receive social services according to standards and conditions prescribed by the department of social services and housing.

This bill is designed to provide supportive and protective care to disabled and aged elderly persons.

One of the major problems confronting the aged and disabled persons, their families, the medical care delivery system and the community is the limited alternatives to institutional care. Many of these individuals do not require the kind of care provided by institutions but yet need the protected environment and social and psychological stimulation to prevent social deterioration. Adult family members, because of economic, social or emotional reasons, cannot provide the required supervision and stimulation on a twenty-four hour basis.

Day Care Centers would provide a feasible alternative to institutional care.

The department of social services and housing would be permitted to purchase day care center services for the disabled and aged persons and they would have the responsibility of establishing standards and conditions to assure and maintain quality care and programs that would prevent physical, social and psychological deterioration of persons attending such centers.

This bill was last amended by the Senate Committee on Ways and Means to allow for the department to effectuate this measure from within existing available resources.

Your Committee has annexed hereto copies of Senate **Stand. Com. Rep. Nos. 107-72** and **523-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1650-72, S. D. 2**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 107-72 Human Resources on **S. B. No. 1650-72**

The purpose of this bill is to establish the nature and type of services to the elderly, disabled and aged who are qualified to receive social services according to standards and conditions prescribed by the department of social services and housing.

This bill is designed to provide supportive and protective care to disabled and aged elderly persons.

Your committee finds that one of the major problems confronting the aged and disabled persons, their families, the medical care delivery system and the community is the limited alternatives to institutional care. Many of these individuals do not require the kind of care provided by institutions but yet need the protected environment and social and psychological stimulation to prevent social deterioration. Adult family members, because of economic, social or emotional reasons, cannot provide the required supervision and stimulation on a twenty-four-hour basis.

Day Care Centers would provide a feasible alternative to institutional care.

The department of social services and housing would be permitted to purchase day care center services for the disabled and aged persons and they would have the responsibility of establishing standards and conditions to assure and maintain quality care and programs that would prevent physical, social and psychological deterioration of persons attending such centers.

Your Committee has made several amendments as follows:

(1) Amended section 346.82 (2) by deleting the words "any part of a twenty-four-hour day" and substituting "the attendant working day." This would avoid the possibility that some of the facilities would be used as inpatient or overnight institutions.

(2) Amended section 346.84 by adding the following sentence: "Purchase of day care center services shall include but not be limited to services that enhance the social functioning of each participant, promote and develop activities in daily living and personal independence by therapeutic arts and crafts, community excursions, hobby cultivation, group dynamics and provisions for counseling to the participants and their families."

(3) Amended section 346.85 by deleting the period (.) after the word "court" and substituting a comma (,) and the words "not to exceed the maximum of \$5000."

Your Committee on Human Resources is in accord with the intent and purpose of S.

B. No. 1650-72 as amended herein and recommends its passage on second reading in the form attached hereto as **S. B. No. 1650-72, S. D. 1** and its referral to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 523-72 Ways and Means on **S. B. No. 1650-72, S. D. 1**

The purpose of this bill is to establish the nature and type of services to the elderly, disabled and aged who are qualified to receive social services according to standards and conditions prescribed by the department of social services and housing.

This bill is designed to provide supportive and protective care to disabled and aged elderly persons.

One of the major problems confronting the aged and disabled persons, their families, the medical care delivery system and the community is the limited alternatives to institutional care. Many of these individuals do not require the kind of care provided by institutions but yet need the protected environment and social and psychological stimulation to prevent social deterioration. Adult family members, because of economic, social or emotional reasons, cannot provide the required supervision and stimulation on a twenty-four-hour basis.

Day Care Centers would provide a feasible alternative to institutional care.

The department of social services and housing would be permitted to purchase day care center services for the disabled and aged persons and they would have the responsibility of establishing standards and conditions to assure and maintain quality care and programs that would prevent physical, social and psychological deterioration of persons attending such centers.

Your Committee has amended the bill to allow for the department to effectuate this measure from within existing available resources.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1650-72, S. D. 1**, as amended herein and

recommends its passage on Third Reading in the form attached hereto as **S. B. No. 1650-72, S. D. 2.**

Signed by all members of the Committee.

SCRep. No. 636-72 Finance on **S. B. No. 1829-72**

The bill provides for an appropriation of \$5,000 to defray expenses of the World Boxing Association's Convention to be held in Hawaii from August 6 - 9, 1972.

According to the Senate Committee on Ways and Means, which expressed its accord with the intent and purpose hereof in Senate **Stand. Com. Rep. No. 481-72:**

"Your Committee feels that the World Boxing Association Convention will complement the interest in boxing as evidenced by large crowds at local boxing events."

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 481-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1829-72** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 481-72 Ways and Means on **S. B. No. 1829-72**

The Bill provides for an appropriation of \$5,000 to defer some of the expenses for the World Boxing Association's Convention to be held in Hawaii from August 6-9, 1972. Your Committee feels that the World Boxing Association Convention will complement the interest in boxing as evidenced by large crowds at local boxing events.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1829-72** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 637-72 Public Health, Youth and General Welfare on **S. B. No. 1649-72**

The purpose of this bill is to provide for the proper and effective regulating of pest control, pest control operators and the use of fumigation and other means of pest control. The bill creates a pest control board appointed by the Governor, and enumerates the powers and duties of the board.

Your Committee amended this bill, adding provisions for the following:

1. An executive secretary.
2. Place of meeting for Pest Control Board.
3. Licenses required.
4. Permitting investigations.
5. When no license issued.
6. Application and fees.
7. Form for licenses.
8. Place of business and posting of license.
9. Requirements for a group license.
10. Examination and operator's license.
11. Fees and annual renewal.
12. Revocation, suspension, and refusal of renewal of licenses.
13. Hearings.
14. Death or dissociation of a license.
15. Accusations against licensees.
16. Inspections, inspection reports, and field reports.
17. Document expressing opinion or making statement regarding presence of pests.
18. Fumigation under supervision.
19. Fumigation job log.
20. Pest Control.
21. Application of soil treatment pest control work.
22. Insurance.

23. Exemptions.

24. Penalties.

Your Committee added these provisions to enable the Pest Control Board to enforce regulations set forth under this Act. The specific provisions also prevent attack on constitutional grounds because of vagueness and ambiguity.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **S. B. No. 1649-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1649-72, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 638-72 Finance on S. B. No. 1919-72

The purpose of this bill is to make certain essentially "housekeeping" amendments to Sec. 356-39 and Chapter 359G, Hawaii Revised Statutes, relating to the Hawaii Housing Authority.

Section 1 of this bill redesignates and amends Sec. 356-39, (Act 239, Session Laws of Hawaii, 1969) to bring it within Chapter 359G (Act 105, Session Laws of Hawaii, 1970). It is believed that the loan assistance program established by Sec. 356-39 is closely akin to the programs set forth in Chapter 359G. Section 1 also clarifies the provision by specifically authorizing interim construction loans.

Section 2 of this bill amends various provisions in Chapter 359G, entitled "Hawaii Housing Authority-Housing Projects", in a series of numbered paragraphs, as follows:

Paragraph 1 of section 2 of the bill makes a technical change to Sec. 359G-5 in order to prevent any development of housing which would endanger the receipt of any federal grant or prevent the participation of the federal government in any program.

Paragraph 2 of section 2 amends Sec. 359G-7 to establish an interest rate for interim loans in cases where general obligation bonds for the project have not yet been issued. In its present form, Chapter 359G is silent in this regard.

Paragraph 3 of section 2 amends Sec. 359G-9 to clearly state that in any case involving a mortgage insured by the federal government there shall be no restrictions on the transfer of the unit after a period of ten years have elapsed from the date it was sold by the Authority. This change is necessary because FHA will not insure any mortgages on units subject to transfer restrictions for a longer period.

Paragraphs 4, 6 and 7 of section 2 involve technical changes to Secs. 359G-10, 359G-20 and 359G-29, respectively. The effect of these paragraphs is to create for administrative purposes one dwelling revolving fund rather than a number of funds. The amendments do not change the amount of bond proceeds authorized for various purposes in the stated sections.

Paragraph 5 of section 2 authorizes the Authority, in order to assist certain displaced persons, to enter into certain guarantee agreements with federal officials, but to authorize such assistance only where necessary to enable a person displaced by governmental action to move in to replacement housing. This provision allows the Authority to assist displaced persons who otherwise would be ineligible for FHA mortgages because of credit standing and related reasons but who the Authority finds would be satisfactory credit risks if they were to receive appropriate counseling.

Paragraph 8 of section 2 is intended to avoid any Internal Revenue Service ruling to the effect that general obligation bonds sold for housing purposes are "arbitrage bonds" as that term is defined in the Internal Revenue Code. Such a ruling would mean that the interest on the bonds would be taxable to the holders thereof and would significantly affect the price at which the bonds could be sold.

Your Committee has annexed hereto copies of Senate **Stand. Com. Rep. Nos. 352-72** and **507-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1919-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 507-72 Ways and Means on S. B. No. 1919-72, S. D. 1

The purpose of this bill is to make certain housekeeping amendments to Section 356-39 and Chapter 359G, Hawaii Revised Statutes.

Section 1 of this bill redesignates and amends Section 356-39, Hawaii Revised Statutes, (Act 239, Session Laws of Hawaii 1969) to bring it within Chapter 359G (Act 105, Session Laws of Hawaii 1970). It is believed that the loan assistance program established by Section 356-39 is closely akin to the programs set forth in Chapter 359G. Section 1 also clarifies the provision by specifically authorizing interim construction loans.

Paragraph 1 of Section 2 of the bill prevents any development of housing which would endanger the receipt of any Federal grant or prevent the participation of the Federal Government in any program.

Section 359G-7 establishes an interest rate of interim loans in cases where general obligation bonds for the project have not yet been issued.

Section 359G-9 states that in any case involving a mortgage insured by the Federal Government there shall be no restrictions on the transfer of the unit after a period of ten years have elapsed from the date it was sold by the Authority. This is necessary because FHA will not insure any mortgages on units subject to transfer restrictions for a longer period.

The effects of paragraphs 4, 6 and 7 of Section 2 is to create for administrative purposes one dwelling unit revolving fund rather than a number of funds. This does not change the amount of bond proceeds authorized for various purposes in the stated sections.

Paragraph 5 of Section 2 authorizes the Authority, in order to assist certain displaced persons, to enter into certain guarantee agreements with Federal officials. This provision allows the Authority to assist displaced persons who otherwise would be ineligible for FHA mortgages because of credit standing and related reasons but who the Authority finds would be satisfactory credit risks if they were to receive appropriate counseling.

Paragraph 8 of Section 2 is intended to avoid any Internal Revenue Service ruling to the effect that general obligation bonds sold

for housing purposes are "arbitrage bonds" as that term is defined in the Internal Revenue Code. Such a ruling would mean that the interest on the bonds would be taxable to the holders thereof and would significantly affect the price at which the bonds could be sold.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1919-72, S. D. 1**, and recommends its passage on third reading.

Signed by all members of the Committee.

SCRep. 352-72 Human Resources on S. B. No. 1919-72

The purpose of this bill, as amended herein, is to make certain housekeeping amendments to Section 356-39 and Chapter 359G, Hawaii Revised Statutes.

Section 1 of this bill redesignates and amends Section 356-39, Hawaii Revised Statutes, (Act 239, Session Laws of Hawaii 1969) to bring it within Chapter 359G (Act 105, Session Laws of Hawaii 1970). It is believed that the loan assistance program established by Section 356-39 is closely akin to the programs set forth in Chapter 359G. Section 1 also clarifies the provision by specifically authorizing interim construction loans.

Paragraph 1 of Section 2 of the bill makes a technical change to Section 359G-5 in order to prevent any development of housing which would endanger the receipt of any Federal grant or prevent the participation of the Federal Government in any program.

Paragraph 2 of Section 2 amends Section 359G-7 to establish an interest rate for interim loans in cases where general obligation bonds for the project have not yet been issued. In its present form Chapter 359G is silent in this regard.

Paragraph 3 of Section 2 amends Section 359G-9 to clearly state that in any case involving a mortgage insured by the Federal Government there shall be no restrictions on the transfer of the unit after a period of ten years have elapsed from the date it was sold by the Authority. This change is necessary because FHA will not insure any mortgages on units subject to transfer restrictions for a longer period.

Paragraphs 4, 6 and 7 of Section 2 involve technical changes to Sections 359G-10,

359G-20 and 359G-29. The effect of these paragraphs is to create for administrative purposes one dwelling unit revolving fund rather than a number of funds. The amendments do not change the amount of bond proceeds authorized for various purposes in the stated sections.

Paragraph 5 of Section 2 authorizes the Authority, in order to assist certain displaced persons, to enter into certain guarantee agreements with Federal officials. Your Committee has amended this provision so as to authorize such assistance only where necessary to enable a person displaced by governmental action to move in to replacement housing. This provision allows the Authority to assist displaced persons who otherwise would be ineligible for FHA mortgages because of credit standing and related reasons but who the Authority finds would be satisfactory credit risks if they were to receive appropriate counseling.

Paragraph 8 of Section 2 is intended to avoid any Internal Revenue Service ruling to the effect that general obligation bonds sold for housing purposes are "arbitrage bonds" as that term is defined in the Internal Revenue Code. Such a ruling would mean that the interest on the bonds would be taxable to the holders thereof and would significantly affect the price at which the bonds could be sold.

Your Committee is in accord with the intent and purpose of **S. B. No. 1919-72**, as amended herein, and recommends its passage on second reading and its referral to your Committee on Ways and Means in the form attached hereto as **S. B. No. 1919-72, S. D. 1** for further consideration.

Signed by all members of the Committee.

SCRep. No. 639-72 Finance on S. B. No. 1742-72

The purpose of this bill is to appropriate funds for the printing of the Hawaii Penal Code which was passed by the Sixth Legislature of the State of Hawaii, Regular Session of 1972, and signed into law by the governor as Act 9, Session Laws of Hawaii, 1972.

The revisor of statutes has disclosed that the present appropriation for printing the Acts of this session is not sufficient to cover the printing of the Hawaii Penal Code. He has estimated that an additional appropriation of \$17,820 is necessary. This estimate is

based on 110 additional pages in the Session Laws and 550 supplementary pages to the Hawaii Revised Statutes, which includes the text of the Penal Code, commentary, index and other note material and the existing penal provisions that have been recodified and renumbered.

Your Committee has annexed hereto copies of Senate **Stand. Com. Rep. Nos. 330-72** and **495-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1742-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 330-72 Judiciary on S. B. No. 1742-72

The Revisor of Statutes testified that the present appropriation for printing the acts of this session are not sufficient to cover the Code. He estimated that an additional appropriation of \$17,820 is necessary. This estimate is based on 110 additional pages in the session laws and 550 supplement pages including the text of the Code, commentary, index and other note material and the existing penal provisions that have been recodified and renumbered.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1742-72** and recommends its passage on second reading and referral to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 495-72 Ways and Means on S. B. No. 1742-72

The purpose of this Bill is to appropriate funds for the printing of the Hawaii Penal Code which was passed by the Sixth Legislature of the State of Hawaii, Regular Session of 1972.

The Revisor of Statutes testified that the present appropriation for printing the acts of this session is not sufficient to cover the printing of the Hawaii Penal Code. He estimated that an additional appropriation of \$17,820 is necessary. This estimate is based on 110 additional pages in the session laws and 550 sup-

plement pages which includes the text of the Penal Code, commentary, index and other note material and the existing penal provisions that have been recodified and renumbered.

Your Committee has amended the bill to insert the appropriation amount.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1742-72**, as amended in the form attached hereto as **S. B. No. 1742-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 640-72 Finance on **S. B. No. 1837-72**

The purpose of this bill is to amend the Executive Budget Act (Act 185, Session Laws of Hawaii, 1970; Chapter 37, Hawaii Revised Statutes) essentially with respect to reporting and displaying of cost elements and other data in the program and financial plan, and the dissemination of copies of said plan.

The specific amendments which the bill proposed, as introduced, shall not herein be set forth; rather, only the effect of the changes actually made are enumerated, from the discussion of which the original proposals can be deduced.

1. The requirement that a copy of the program and financial plan be submitted to each member of the legislature has been **amended** to provide that a copy of the **summary** of the program and financial plan be transmitted to every legislator, and that four copies and such additional number of copies as may be designated by the committees principally responsible for reviewing the State's finances be delivered to the legislature. A new section has been added to the bill to specify the minimum information required to be included in the summary.

2. The present statutory requirement for reporting the final cost of a capital improvement project by investment cost elements and by sources of funding has been **retained**.

3. The present statutory requirement that the amounts previously appropriated for capital improvement projects by cost elements and sources of funding specified in the acts appropriating the sums has been **retained**.

4. The present statutory requirement that a listing of capital improvement projects in the budget by investment cost elements has been **retained**.

In addition to the foregoing, the bill, as heretofore amended, provides for an amendment to Sec. 37-62 (8) because there has been some apparent misunderstanding regarding the meaning of the cost category "research and development". Although the term is defined in the statute, confusion has arisen because of the cost elements specified for research and development. Consequently, the bill changes the cost elements from "research, planning, and test and evaluation," to "program design and test and evaluation." This change, it is believed, more nearly reflects the intent of the category, "research and development."

The reasons for the proposed amendments as advanced by the director of finance and the findings thereupon by the Senate Committee on Ways and Means reporting hereupon in Senate **Stand. Com. Rep. No. 479-72**, are as follows:

"1. A copy of the program and financial plan to each member of the legislature.

The director of finance testified that in light of the planning cycle envisioned by the administration and the bulkiness of the planning document, it would be impossible for the printer to complete printing sufficient number of copies of the plan for distribution to every member of the legislature as required by the act. While your committee does not believe that printing is necessarily an insurmountable problem, it nevertheless concurs that all of the details contained in the complete program and financial plan are probably not essential to the normal needs of every legislator. However, any summary substituted for the complete plan for distribution to every legislator should contain sufficient information of use to the legislator. To ensure that this is done, the statute should specify the minimum information that should be included in the summary. Further, it is hardly likely that four copies of the complete plan would be sufficient for legislative decision-making purposes on appropriation matters. The number of copies of the complete plan would depend upon the session and the organization and methodology of the respective houses. Thus,

the precise number of copies of the complete plan to be transmitted to the legislature should be left open.

“2. **Final cost figures for capital improvement projects.** Contrary to the belief of the director of finance, the final cost figures for capital improvement projects included in the program and financial plan would not be duplicitous of the information appearing in the annual variance report. The variance report is essentially a report on expenditures actually made during the last completed fiscal year and the first three months of the current fiscal year. Capital improvement projects often last over more than this period of one and one-quarter years. Your committee believes that information relating to what a project finally cost is relevant in determining overruns and the adequacy of the estimates made for future projects included in the program and financial plan. Thus, this requirement that the final cost of a capital improvement project be shown in the program and financial plan should not be deleted.

“3. **Initially estimated CIP costs ‘by investment cost elements and sub-elements and by sources of funding.’** Act 185 facilitates the making of legislative appropriations for a capital improvement project by phases. The submission of the initial estimate of a project by cost elements and sources of funding would be of material assistance in this regard. Your committee, therefore, does not believe that this requirement should be deleted from Act 185. However, the value of showing the initial estimate by cost **sub-elements** might not be worth the burden entailed. It thus concurs that the requirement that the cost be shown by cost **sub-elements** be deleted from the statute.

“4. **Reporting prior legislative appropriations for CIP ‘by cost elements and cost sub-elements and by sources of funding specified in the acts appropriating the sums.’** The reason advanced for this proposed amendment is that it is not possible to report data in this manner ‘because the appropriation acts do not now disaggregate appropriations in this manner.’ Your committee notes that while the legislature in the past did not appropriate moneys in this fashion, at the 1971 session, it did appropriate capital improvement moneys (Act 68) by cost elements and

sources of funding. That the legislature intends to continue to do so in the future is clear. Thus, except for deleting the requirement that past legislative appropriations be reported by cost sub-elements, this requirement should be retained.

“5. **Budget: Program size indicators, measures of effectiveness and CIP project display ‘by investment cost elements.’** Your committee concurs with the director of finance that since the program size indicators and effectiveness measures are shown in the program and financial plans, in the interest of holding the budget document to manageable size, they need not be shown in the budget document, **provided** this information is included in the summary of the program and financial plan to be distributed to every legislator. It is essential that they be included in the summary, if not in the budget, since, as proposed, the program and financial plan would not be distributed to all legislators.

“With respect to reporting CIP projects ‘by investment cost elements,’ while this information may be found in the program and financial plans, its inclusion in the budget would be of material assistance in appropriating moneys for capital improvements. What is called for by the statutes currently is essentially a summary listing of all capital improvement projects included in the various portions of the budget. Act 68, SLH, 1971, portends the fashion in which the legislature will be appropriating moneys in the future. There, in part III, the legislature listed in summary fashion **and by cost elements** all of the capital improvement projects included in the appropriations in part II. Your committee believes that the present requirement should thus be retained. Of course, if the administration so desires, this summary listing may be submitted in a separate document, provided it is tied to the budget.”

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1837-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 641-72 Finance on S. B. No. 1491-72

The purpose of this bill is to grant credit or refund of tobacco taxes paid by a licensee where such tax amount paid was an uncollectable tax payment due the licensee from the purchaser.

The tobacco tax law requires that the licensee must separately state and charge the tax to the State, collecting the tax from the purchaser to reimburse himself. In effect, the tax is on the purchaser and the licensee is acting as a collection agent for the State. Nevertheless, the licensee is liable for the filing of a tax return and payment of the taxes imposed. Thus, where the licensee, upon separate statement and charging of the tax to the purchaser, later finds the account to be uncollectable, the licensee must bear the burden of the tax imposed on the purchaser.

This bill would provide for a credit or refund of the tobacco tax on such uncollectable accounts, thereby relieving the licensee of the burden of the "bad debt" on the tax amount uncollectable.

Your Committee has amended this bill as to its effective date thereof by providing that, upon enactment, its provisions shall apply, without benefit of retroactivity, to the fiscal year commencing July 1, 1972.

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 535-72**, hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1491-72**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1491-72, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 535-72 Ways and Means on **S. B. No. 1491-72**

The purpose of this Bill is to grant credit or refund of tobacco taxes paid by a licensee where such tax amount paid was an uncollectable tax payment due the licensee from the purchaser.

The tobacco tax law requires that the licensee must separately state and charge the tax to the State, collecting the tax from the purchaser to reimburse himself. In effect, the

tax is on the purchaser and the licensee is acting as a collection agent for the State. Nevertheless, the licensee is liable for the filing of a tax return and payment of the taxes imposed. Thus, where the licensee, upon separate statement and charging of the tax to the purchaser, later finds the account to be uncollectable, the licensee must bear the burden of the tax imposed on the purchaser.

This Bill would provide for a credit or refund of the tobacco tax on such uncollectable accounts, thereby relieving the licensee of the burden of the "bad debt" on the tax amount uncollectable.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1491-72**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 642-72 Judiciary on **S. B. No. 1878-72**

The purpose of this bill is to clearly define an apprentice elevator mechanic, to clarify the language of Hawaii Revised Statutes, Section 448H-7 regarding the issuance of the temporary permit, and to specify the types of work done by a person defined as an "elevator mechanic".

Your Committee heard testimony on this bill from the State Elevator Mechanics Licensing Board, the International Union of Elevator Constructors, the National Elevator Industry Association and others.

Your Committee concurs with the testimony of the State Elevator Mechanics Licensing Board which notes that these changes are an improvement to the Elevator Mechanics Licensing Law.

Your Committee made a technical amendment to this bill to exclude examples of work inconsistent with work done by elevator mechanics.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. 1878-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 1878-72, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 643-72 Finance on **S. B. No. 1905-72**

The purpose of this bill is to provide certain financial benefits for professional boxers to be payable to the boxers or their beneficiaries in case of retirement, license revocation, disability, and death through the establishment of a boxer trust fund, financed by contributions from the boxer; a boxer pension plan, financed by contributions from boxers, managers, and promoters; and a disability insurance program for professional boxers, with costs allocated among boxers, managers, and promoters.

This bill is intended to provide basic financial security for boxers, since boxers, as a group, appear not to retain their earnings, are frequently injured, and enjoy relatively brief professional careers. The bill authorizes the boxing commission, with the approval of the director of finance as depository of the boxer's trust fund, to enter into compacts with other states which provide similar benefit programs for boxers so that benefits may accrue to the account of a boxer from this State who engages from time to time in professional boxing contests in such other states and to the account of a boxer from such other state when he engages in professional boxing contests in this State.

Your Committee has annexed heretocopies of Senate **Stand. Com. Rep. Nos. 410-72** and **505-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1905-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 505-72 Ways and Means on **S. B. No. 1905-72**

The purpose of this bill is to provide certain financial benefits for professional boxers to be payable to the boxers or their beneficiaries in case of retirement, license revocation, disability, and death. The bill provides for the establishment of a boxer trust fund, financed by contributions from the boxer; a boxer pension plan, financed by contributions from boxers, managers, and promoters; and a disa-

bility insurance program for professional boxers, with costs allocated among boxers, managers, and promoters.

The benefits and programs under the bill are to be administered by the state boxing commission.

Your Committee agrees with the purposes of this bill to provide basic financial security for boxers since boxers, as a group, appear not to retain their earnings, are frequently injured, and enjoy relatively brief professional careers. The bill authorizes the boxing commission, with the approval of the director of finance as depository of the boxer's trust fund, to enter into compacts with other states which provide similar benefit programs for boxers so that benefits may accrue to the account of a boxer from this State who engages from time to time in professional boxing contests in such other states and to the account of a boxer from such other state when he engages in professional boxing contests in this State.

Your Committee is in accord with the intent and purpose of **S. B. No. 1905-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 410-72 Judiciary on **S. B. No. 1905-72**

The purpose of this bill is to provide certain financial benefits for professional boxers to be payable to the boxers or their beneficiaries in case of retirement, license revocation, disability, and death. The bill provides for the establishment of a boxer trust fund, financed by contributions from the boxer; a boxer pension plan, financed by contributions from boxers, managers, and promoters; and a disability insurance program for professional boxers, with costs allocated among boxers, managers, and promoters.

The benefits and programs under the bill are to be administered by the state boxing commission.

Your Committee agrees with the purposes of this bill to provide basic financial security for boxers since boxers, as a group, appear not to retain their earnings, are frequently injured, and enjoy relatively brief professional careers. It is recommended that the bill be amended to authorize the boxing commission, with the approval of the director of

finance as depository of the boxer's trust fund, to enter into compacts with other states which provide similar benefit programs for boxers so that benefits may accrue to the account of a boxer from this State who engages from time to time in professional boxing contests in such other states and to the account of a boxer from such other state when he engages in professional boxing contests in this State.

Your Committee is in accord with the intent and purpose of **S. B. No. 1905-72**, as amended in the form attached hereto as **S. B. 1905-72, S. D. 1**, and recommends that it pass second reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. No. 644-72 Finance on S. B. No. 1947-72

The purpose of this bill is to remove an ambiguity in the State Constitution relating to legislation for "supplemental appropriations" transmitted to the governor in even-numbered years, by reference to the same as a "bill" (rather than "bills").

Section 5 of Article VI, entitled "Legislative Procedures; Appropriations", provides, in relevant part, that in each regular session of an **even-numbered year**, "bills may be introduced in the legislature to amend any appropriation act . . . of the current fiscal biennium . . .," and that "in any such session in which the legislature submits to the governor a supplemental appropriations bill, no other appropriation bill . . . (with stated exceptions) . . . shall be passed on final reading until such supplemental appropriation bills shall have been transmitted to the governor." (Emphasis added). The appropriation act referred to, bills to amend which may be introduced, is the general appropriations act passed in odd-numbered years, among others "authorizing operating expenditures."

This bill, therefore, proposes to amend the Constitution by phrasing legislation supplementing prior appropriations referred to in the final sentence of Article VI, Section 5, in its singular form, to wit, supplemental appropriations "bill" (rather than "bills").

The reasons therefor are set forth in Senate **Stand. Com. Rep. No. 412-72** from the Committee on Ways and Means, a copy of which your Committee has annexed hereto, and the

contents of which are incorporated herein by reference, as follows:

"Your Committee finds that there is indication that the Taxation and Finance Committee of the 1968 Constitutional Convention intended to provide for the transmittal of one supplemental appropriations bill to the governor before any other appropriation bill passes final reading, except bills recommended by the governor for immediate passage or to cover the expenses of the legislature. The minutes of said Committee and the drafts of Article VI, Section 5, clearly indicates that the Committee did not intend for more than one supplemental appropriations bill in an even-number year. It seems that the word, bill, in its plural form in the final draft to which the Committee members affixed their signature was a typographical error.

"Your Committee further notes that throughout the paragraph covering appropriation bills for an even-number year, the term supplemental appropriations bill is used in its singular form except in the last sentence.

"The proposed amendment to provide for one supplemental appropriations bill would facilitate future legislative action on appropriation measures."

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1947-72**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 412-72 Ways and Means on S. B. No. 1947-72

The purpose of this Bill is to remove any ambiguity relating to supplemental appropriations.

Your Committee finds that there is indication that the Taxation and Finance Committee of the 1968 Constitutional Convention intended to provide for the transmittal of one supplemental appropriations bill to the governor before any other appropriation bill passes final reading, except bills recommended by the governor for immediate passage or to cover the expenses of the legislature. The minutes of said Committee and the drafts of Article VI, Section 5, clearly indi-

cates that the Committee did not intend for more than one supplemental appropriations bill in an even-number year. It seems that the word, bill, in its plural form in the final draft to which the Committee members affixed their signature was a typographical error.

Your Committee further notes that throughout the paragraph covering appropriations bills for an even-number year, the term supplemental appropriations bill is used in its singular form except in the last sentence.

The proposed amendment to provide for one supplemental appropriations bill would facilitate future legislative action on appropriation measures.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1947-72** and recommends that it pass Second Reading and that it be referred to your Committee on Judiciary for further consideration.

Signed by all members of the Committee.

SCRep. No. 645-72 Finance on S. B. No. 1949-72

The purpose of this bill is to lapse certain past appropriations for which the intent has been carried out or programs or projects are deemed no longer necessary in meeting today's needs.

In view of the full implementation of planning-programming-budgeting starting with the 1973 legislative session, your Committee believes that today's legislature must take positive action in eliminating programs or projects which do not meet the current needs of the State. As such, an extensive examination has been conducted before recommending the lapsing of prior appropriations made for programs and projects.

Your Committee, upon review of Act 201, Session Laws of Hawaii, 1971, has found that final planning is near completion for certain projects and advertisement for bids are planned in the immediate future. To lapse these projects after the State has invested considerable amounts of funds for planning, would be unwise. Therefore, your Committee has amended Act 201, to allow for sufficient time for the calling of bids and construction of projects. The amendment will not alter the original intent of this Act.

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 530-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1949-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 530-72 Ways and Means on S. B. No. 1949-72

The purpose of this bill is to lapse certain past appropriations for which the intent has been carried out or programs or projects are deemed non-viable in meeting today's needs.

In view of the full implementation of planning-programming-budgeting starting with the 1973 Legislative Session, your committee believes that today's legislature must take positive actions in eliminating programs or projects which do not meet the current goals and aspirations of the State. As such, an extensive examination has been conducted before recommending the lapsing of prior appropriations made for programs and projects.

Your Committee upon review of Act 201, SLH 1971, has found that final planning is near completion for certain projects and advertisement for bids are planned in the immediate future. To lapse these projects after the State has invested considerable amounts of funds for planning, would be unwise. Therefore, your Committee has amended Act 201, to allow for sufficient time for the calling of bids and construction of projects. The amendment will not alter the original intent of Act 201, SLH 1971.

Your Committee is in accord with the intent and purpose of **S. B. No. 1949-72**, as amended in the form attached hereto as **S. B. No. 1949-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 646-72 Finance on S. B. No. 1970-72

The purpose of this bill is to provide for effective support in the accomplishment of legislative objectives by establishing a newly

created office of the legislative reference bureau under the legislature and to (1) transfer existing functions from the university of Hawaii to the newly created office and (2) place within said office, for administrative purposes only, the office of the revisor of statutes.

In particular, the bill, as it has heretofore been amended by the Senate, is designed to promote present legislative processes, as follows:

(1) By providing for the transfer of the functions of the legislative reference bureau from the university of Hawaii to a newly created office of the legislative reference bureau, which shall be an arm of the Legislature;

(2) By placing the revisor of statutes and his staff within the newly created office of the legislative reference bureau, for administrative purposes only;

(3) By generally spelling out the functions of the office of the legislative reference bureau which basically include all of those functions now covered by Sec 304-35, Hawaii Revised Statutes, and in addition, functions relating to legislative data processing programs, as may be established, and to furnishing of services, upon request, in an advisory capacity to the Legislature, its committees and legislative service agencies.

(4) By providing for the appointment and salary of a director and staff of the office of the legislative reference bureau.

(5) By imposing a confidentiality requirement on the director and staff of the bureau.

(6) By preserving the rights of tenured employees of the present bureau in requiring their transfer to similar positions within the university system.

(7) By providing as transition matters for the following:

(a) Retaining the present director and assistant director in their positions in the newly created office until a new director is appointed by the Legislature.

(b) Transferring all appropriations by the Legislature, property and contractual rights and obligations of the former bureau and the revisor of statutes to the new office.

(c) Allowing the revisor of statutes and staff to remain in their present quarters until permanent facilities are provided by the Legislature.

(8) By preserving the employee benefits and privileges of all employees affected by this bill.

The bill, upon enactment, takes effect on July 1, 1972.

Your Committee is in concert with **Special Committee Report No. 9** as submitted by the Joint Interim Committee on Planning-Programming and Budgeting, which recommends that the legislative reference bureau and the revisor of statutes be transferred to the Legislature as deemed appropriate. Considering the forthcoming of another session in which we will be appropriating for the ensuing fiscal biennium, your Committee believes that the time is appropriate to effectuate those transfers. It is our intent, in recommending this action, that the salaries of the staff of the programs affected for the fiscal year 1972-73 be at the level provided for the fiscal biennium 1971-73 in the General Appropriations Act of 1971 (Act 68, Session Laws of Hawaii, 1971).

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 531-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1970-72, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 531-72 Ways and Means on S. B. No. 1970-72

The purpose of this Bill is to provide for effective support for the accomplishment of legislative objectives and to promote understanding of the legislative process.

Your Committee has amended the Bill in the following respects:

(1) By providing for the transfer of the functions of the Legislative Reference Bureau from the University of Hawaii to a

newly created Office of the Legislative Reference Bureau, which shall be an arm of the Legislature;

(2) By placing the Revisor of Statutes and his staff within the newly created Office of the Legislative Reference Bureau for administrative purposes only;

(3) By generally spelling out the functions of the Office of the Legislative Reference Bureau which basically include all of those functions now covered by section 304-35, Hawaii Revised Statutes, and in addition, functions relating to legislative data processing programs, as may be established, and to furnishing of services, upon request, in an advisory capacity to the Legislature, its committees and legislative service agencies.

(4) By providing for the appointment and salary of a director and staff of the Office of the Legislative Reference Bureau.

(5) By imposing a confidentiality requirement on the director and staff of the Bureau.

(6) By preserving the rights of tenured employees of the present Bureau in requiring their transfer to similar positions within the University system.

(7) By providing as transition matters for the following:

(a) Retaining the present director and assistant director in their positions in the newly created office until a new director is appointed by the Legislature.

(b) Transferring all appropriations by the Legislature, property and contractual rights and obligations of the former Bureau and the Revisor of Statutes to the new office.

(c) Allowing the Revisor of Statutes and staff to remain in their present quarters until permanent facilities are provided by the Legislature.

(8) By preserving the employee benefits and privileges of all employees affected by this Bill.

The Bill takes effect on July 1, 1972.

Your Committee is in concert with the Senate adoption of **Special Committee No. 9** as submitted by the Joint Interim Committee

on Planning-Programming and Budgeting. The report recommends that the Legislative Reference Bureau and the Revisor of Statutes be transferred to the Legislature as deemed appropriate.

Your Committee strongly believes that the time is appropriate to effectuate those transfers. It is the intent of your Committee, in recommending the transfer, that the salaries of the staff of the Legislative Reference Bureau for the fiscal year 1972-73 be at the level provided in the FY 71-73 General Appropriations Act (Act 68/SLH 1971).

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1970-72**, as amended in the form attached hereto as **S. B. No. 1970-72, S. D. 1**, and recommends that it pass Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 647-72 Finance on **S. B. No. 1862-72**

The purpose of this bill is to amend various provisions of the Workmen's Compensation Law (Chapter 386, Hawaii Revised Statutes).

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1862-72, S. D. 2**, and recommends that it pass second reading and be recommitted to your Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 648-72 Finance on **S. B. Nos. 1436-72 and 1575-72**

S. B. No. 1436-72, entitled: "A BILL FOR AN ACT RELATING TO THE ESTABLISHMENT OF A LEGISLATIVE SCIENTIFIC ADVISORY COMMITTEE."

S. B. No. 1575-72, entitled: "A BILL FOR AN ACT RELATING TO CERTIFICATION AS TO AVAILABILITY OF FUNDS ON CONTRACTS."

These bills relate to establishment of a legislative scientific advisory committee and certification as to availability of funds on contracts, respectively.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1436-72** and **S. B. No. 1575-72** and recom-

mends that they pass second reading and be recommitted to your Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 649-72 Finance on **S. B. Nos. 707, 866, 1206, 1381-72, 1384-72, 1471-72, 1819-72, 1941-72, 1965-72 and 1988-72**

S. B. No. 707, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION IN AID OF YOUTH OPERATED ENTERPRISES.";

S. B. No. 866, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE PROGRESSIVE NEIGHBORHOODS TASK FORCE.";

S. B. No. 1206, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE EDUCATIONAL TELEVISION.";

S. B. No. 1381-72, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT.";

S. B. No. 1384-72, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN RESOURCES.";

S. B. No. 1471-72, entitled: "A BILL FOR AN ACT RELATING TO DRUG ABUSE CONTROL.";

S. B. No. 1819-72, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO A CONFERENCE OF COLLEGE AND UNIVERSITY STUDENT LEADERS AND MAKING AN APPROPRIATION THEREFOR."

S. B. No. 1941-72, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO PROGRAMS AND MAKING AN APPROPRIATION THEREFOR.";

S. B. No. 1965-72, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE OF HAWAII.";

S. B. No. 1988-72, S. D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE PROGRESSIVE NEIGHBORHOODS LAW AND PROGRAMS."

These bills relate to making an appropriation in aid of youth operated enterprises, progressive neighborhoods task force, State educational television, economic development, human resources, drug abuse control, conference of college and university student

leaders and making an appropriation therefor, programs and making an appropriation therefor, State of Hawaii, and progressive neighborhoods law and programs, respectively.

Your Committee on Finance is in accord with the intent and purpose of **S. B. Nos. 707, 866, S. D. 1, 1206, S. D. 1, 1381-72, S. D. 1, 1384-72, S. D. 1, 1471-72, 1819-72, S. D. 1, 1941-72, S. D. 1, 1965-72, S. D. 1 and 1988-72, S. D. 1** and recommends that they pass second reading and be recommitted to your Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 650-72 Judiciary on **S. B. No. 124**

The purpose of this bill is to amend the Hawaii Workmen's Compensation Law to give the director of labor and industrial relations the discretion to impose fines on physicians who fail to file required medical reports or to file them within required periods. We have been informed that such delays often cause hardships to claimants but are of the opinion that the sanction should be only a \$25 fine. We have also made it clear that the sanction applies to late submission of a final report.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 124**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 124, H. D. 1** and placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 651-72 Judiciary on **S. B. No. 1729-72**

The purpose of this bill is to amend Act 185, S.L.H. 1971, "Relating to Counsel and Other Services for Indigent Criminal Defendants" by broadening the scope of public defender services and by providing a basis for establishing a procedure which will facilitate and expedite the delivery of such services to an indigent person at all stages of the criminal process from arrest to discharge.

This bill proposes to amend Chapter 705C, Hawaii Revised Statutes to include indigent persons arrested for or charged with a law or ordinance violation and who may be subject to the jurisdiction of the Family Courts, indi-

gent persons whose liberty is threatened in any mental facility, indigent persons whose probation or parole may be revoked, and indigent persons arrested for, charged with, or convicted of an offense or offenses punishable by imprisonment for 30 days or more. This bill also proposes to allow the State public defender to employ such investigators as may be necessary.

Your Committee heard on this and other related bills from a wide spectrum of our society including representatives of Citizens of Hawaii, the Hawaii Council of Churches, the Office of the Public Defender, the American Civil Liberties, and the National Association of Social Workers, Inc.

Your Committee amended this bill to further clarify and broaden the scope of public defender services to include any indigent person whose term or conditions of detention raise legal questions in a proceeding, or whose minimum sentence or eligibility for parole is raised in a proceeding.

Your Committee amended this bill to expand the Defender Council from five to seven members and provide that the composition of the council shall reflect the distribution of the State population by counties. The latter provision will increase representatives on the Defender Council from two to four members; neighbor island representation will remain at the minimum of one representative member for each of the counties. It is the intent of your Committee that the implementation of this bill will not result in the removal of existing defender council members but will solely authorize the governor to appoint two additional representatives from Oahu to the defender council.

Your Committee amended this bill to retain present statutory provisions allowing the courts to determine indigency and the manner of appropriate inquiry into the financial circumstances of the applicant.

Your Committee amended this bill by adding a new section which enlarges the notification to an indigent of his right to representation. Your Committee believes that important legal rights may be lost unless it is possible to have legal representation at the earliest stage, and that right of representation is lost unless a person is fully aware and capable of exercising his rights.

Your Committee amended this bill by proposing a new H.R.S. Section 705C-6.5 to provide that the attorney general may, on behalf of the State, recover payment or reimbursement from each person who has received, without being entitled to receive, legal assistance or other benefits under this act within two years after the date on which the aid was received.

Your Committee further amended this bill by proposing a new H.R.S. Section 705C-13 requiring the Public Defender to submit an annual report to the Legislature and to each court having criminal jurisdiction in the counties that the program serves. Other amendments made by your Committee are the inclusion of new sections relating to representation in State and federal courts, protections not excluded, and a severability clause.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1729-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1729-72, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 652-72 Judiciary on S. B. No. 1823-72

The purpose of this bill is to allow industrial loan companies to have outstanding investment certificates and registered debentures up to ten times the aggregate amount of its paid-up capital and surplus. Existing law permits an industrial loan company to issue investment certificates and debentures only up to five times the aggregate amount of its paid up capital and surplus.

Your Committee has amended this bill to provide increased protection to holders of investment certificates and debentures. The amendment would require the industrial loan company to obtain the prior approval of the Bank Examiners before it can issue investment certificates in excess of five times the aggregate paid-up capital and surplus.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1823-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in

the form attached hereto as **S. B. No. 1823-72, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 653-72 Judiciary on **S. B. No. 1844-72**

The purpose of this bill is to expand the requirements for the use of safety glass.

The bill amends various sections of Part XII of Chapter 321 which establish requirements for the insulation of safety glass in construction projects. Section 321-131 defines "hazardous locations" where the installation of safety glass is required. Under the present wording of that section, safety glass seems to be required for existing structures where it was not originally installed. The amendment to that definition section makes it clear that the standards apply only to future construction and does not require reglazing of all home and commercial buildings constructed before the effective date of the Act. The amendment to this definition also makes it clear that the glazing requirements apply to remodeling projects in addition to new construction.

A new definition, "immediately adjacent to" is also added to that section to define with greater precision the danger areas, next to glass doors, where the insulation of safety glass is required. However, the wording of the last paragraph of Section 321-131 appears unclear and may not accomplish the intended purpose. If it is intended to require safety glass in adjacent areas wider than 12 inches in width then the bill may not accomplish this by the language added. On line 18 of page 2 the phrase, "which is not more than 12 inches" may be the result of a typographical or drafting error. We have amended the bill to make it clear that panels of 12 inches or more require safety glass.

The bill also changes the labeling requirements for safety glass. The law presently puts a labeling requirement on persons who manufacture, handle and sell safety glass. This is changed by the bill by requiring those who install the safety glass to use only the glass which has been so labeled. The bill also requires sellers of safety glass to post the requirements of the law in their places of business.

Finally, the bill also makes several technical revisory changes.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1844-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 1844-72, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 654-72 Finance on **H. C. R. No. 28**

The purpose of this concurrent resolution, as amended, is to request the department of land and natural resources to incorporate into its State-wide outdoor recreation and park program the designation of land areas suitable for off-road motorcycling activities and the establishment of recreational facilities incidental thereto.

Motorcycling, in recent years, has, in Hawaii, come to be an increasingly used means of transportation, and, also, as stated in the measure, "a socially accepted, healthy and invigorating form of family recreation with a special appeal to the youth of the community." Unfortunately, however, there are, to date, no established areas designated for off-road motorcycle riding. The result is "illegal" use of private or State lands, which often ensues, and which detracts from more centralized organization of participants, the attainment of which would place emphasis upon safety and other rules regulating the activity.

Your Committee heard hereupon from individuals and on behalf of organizations, including the Hawaii motorsports association (a non-profit Hawaii corporation), overwhelmingly and enthusiastically supporting the concept of State cooperation. The board of land and natural resources, by its chairman, has expressed concurrence herewith, and, since this measure was offered, the department has expressed a commitment to secure a formal arrangement from the military for the leased State lands at Waialae for regular week-end use by motorcyclists. Without cost to the State, trail-riding would be authorized on a permit basis, provided that supervision of activities be conducted by the Hawaii motorsports association, which has

agreed to management of the area (including replacement of soil and replanting of grass, etc.).

Your Committee has comprehensively "overhauled" this concurrent resolution throughout, leaving intact, however, the general import thereof. The changes have been, in summary, incorporated into the amended title which now reads:

"REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO INCORPORATE INTO ITS STATE-WIDE OUTDOOR RECREATION AND PARK PROGRAM THE DESIGNATION OF SUITABLE LAND AREAS AND ESTABLISHMENT OF RECREATIONAL FACILITIES FOR OFF-ROAD MOTORCYCLING ACTIVITIES."

Your Committee on Finance concurs with the intent and purpose of **H. C. R. No. 28**, as amended herein, and recommends its adoption in the form attached hereto as **H. C. R. No. 28, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 655-72 Lands on **S. C. R. No. 38**

The purpose of this concurrent resolution is to designate the Napali Coast on Kauai - from Haena to Poli Hale - as a state park. To clarify the intent of the resolution and to keep it in accord with the established use of a state park, the word "wilderness" has been deleted wherever it appears.

Your Committee on Lands concurs with the intent and purpose of **S. C. R. No. 38**, as amended herein, and recommends its adoption in the form attached hereto as **S. C. R. No. 38, H. D. 1**.

Signed by all members of the Committee except Representative Wedemeyer.

SCRep. No. 656-72 (Majority) Judiciary on **S. B. No. 1096**

The purpose of this bill is to relieve from the Family Court the authority to impose limitations and restrictions concerning the fingerprinting or photographing of juveniles arrested for offenses which would be a criminal offense if committed by an adult.

At the present time, fingerprinting and photographing of juveniles is permitted only with approval of the Family Court, in accordance with Rule 569 of that court.

The Honolulu Police Department testified before your Committee that Rule 569 is complicated and restrictive. They further noted that it only provides for a limited fingerprint file and no photographic file. They further testified that it was illogical that the Family Court be granted authority which interferes with their ability to utilize accepted investigational and identification procedures in connection with crimes involving juveniles.

Fingerprinting and photographing are more important today than ever before in criminal investigation. Because of the necessity to utilize every scientific tool for investigative purposes, while at the same time protecting the constitutional rights of the individuals suspected or accused.

Your Committee amended this bill to provide procedures for the disposition of fingerprints and photographs taken of any child or minor while in police custody, in connection with a felonious crime. As amended, police must deposit such photographs and fingerprints with the Family Court within two weeks. The Family Court shall determine whether the documents are to be held in sealed envelopes or in another manner, who may have access to the documents, and under what circumstances a person may have access. Your Committee also provided that the police shall be granted access to such photographs and fingerprints upon application to the Family Court. Finally, your Committee amended this bill to provide that all originals, copies, and negatives of photographs and fingerprints taken of a child or minor and held by the Family Court shall be destroyed upon the child or minor of whom the photographs and fingerprints were taken reaching the age of majority.

Your Committee of Judiciary is in accord with the intent and purpose of **S. B. No. 1096**, as amended herein, and recommends that it pass Third Reading in the form attached here to as **S. B. No. 1096, H. D. 1**.

Signed by all members of the Committee. Representative Lee did not concur.

SCRep. No. 657-72 Public Health, Youth and General Welfare on **S. B. No. 1024**

The purpose of this bill is to promote the orderly development of the number of hospital beds in the State.

Presently, practices allow the building of new hospitals and expansion of existing hospitals without regard to the anticipated needs of our population. The Department of Health has estimated that with the completion of the two general hospitals now under construction in Honolulu, Oahu will have 477 general beds over its actual needs. The establishment of a commission on hospital and health facilities should do much to align the number of beds needed with actual needs.

Your Committee effected certain amendments. The purpose of the bill was introduced. The commission's powers and duties were altered so that the department of health and other State departments need only make data available to the commission, not data, facilities, and personnel as originally provided. Finally, the provision providing for a certificate of need, in the event the commission denied an application or the applicant was dissatisfied with the extend of approval granted by the commission, has been deleted.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **S. B. No. 1024, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1024, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 658-72 Agriculture on S. B. No. 1577-72

The purpose of this bill is to delete the statutory provisions relating to inspection fees for certification of chicken eggs, thus allowing the Department of Agriculture to establish inspection fees through promulgation of rules and regulations. The authority to change the fees by rules and regulations rather than by statutory amendments would greatly facilitate the operation of the Department.

Your Committee on Agriculture is in accord with the intent and purpose of **S. B. No. 1577-72** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 659-72 Judiciary on S. B. No. 1502-72

The purpose of this bill is to establish a comprehensive residential landlord-tenant code under which the law governing residential landlord and tenant relations would be restated in a manner consistent with recent court decisions, with the residential rental market, and with the objective of improving such landlord and tenant relations.

The proposed code has evolved out of two years of work involving study, deliberation, and research on the part of several legislative committees, aided by cooperation from many interest groups and informed individuals.

The code is arranged in six parts as follows: Part I contains general provisions and definitions applicable throughout the code; Part II deals with rent; Part III provides limitations on rental agreements and practices; Part IV sets forth the basic obligations of the landlord; Part V sets forth the basic obligations of the tenant; and Part VI states the remedies and penalties for tenants and for landlords.

Under Part I, the purpose and policy of the code is stated to be a revision of "the law of residential landlord and tenant by changing the relationship from one based on the law of conveyance to a relationship that is primarily contractual in nature". Part I also contains definitions and rules for the relationship of the code of other laws, for the territorial applicability of the code, and for exclusions. The code is not intended to apply where residence is incidental to another primary purpose, such as residence in a prison or nursing home.

Part II, relating to rent, provides that the landlord and tenant may agree to any consideration, not otherwise prohibited by law, as rent and may agree to any period as the term of the rental agreement. The code would also clarify that rent is due generally at the beginning of the month, unless otherwise agreed by the parties, and that rent is apportionable.

Part III includes as prohibited practices waiver of tenants' rights, waiver of landlords' liabilities, and confession of judgment by tenants. This part also provides for settlement of claims by the landlord or the tenant against the other, limits on attorney's fees that a ten-

ant may be required to pay in case he is delinquent in paying rent, and gives the tenant the right to assign and sublet, unless the parties otherwise agree, subject to the landlord's consent which cannot be unreasonably withheld.

Part IV lists landlord obligations, including the duty to supply possession to the tenant at the beginning of the tenancy; comply with all laws necessary for health or safety; keep the premises clean and safe; make repairs; maintain electrical, plumbing and other facilities and appliances supplied by him in good working order and condition; and the like. With certain limitations, the landlord and tenant may agree that the tenant will perform certain repairs, maintenance tasks, and minor remodeling. The landlord is required to disclose the names and addresses of persons responsible for the premises so that the tenant is informed of the persons with whom he can deal in matters relating to the rental agreement. The matter of security deposits is dealt with in detail. The amount of the deposit is limited to an amount equal to one month's rent, and no other advance payment may be required of the tenant, except for the rent for the first month. The security deposit must be returned to the tenant within six business days after termination of the rental agreement unless the landlord retains it, or a portion of it, to remedy tenant default, in which case the landlord must give the tenant specific notice of the amount to be retained, the purpose for which it is retained, and some written evidence of the costs of remedying the default. Disputes about the security deposit are to be resolved in the small claims division of the district court.

Part V lists tenant obligations, including the duty to comply with all laws applicable to tenants necessary for health or safety; keep the premises safe and clean; dispose of rubbish in a clean and safe manner; keep plumbing fixtures clean; properly use and operate electrical and plumbing fixtures and appliances; not to damage the premises; keep the dwelling unit and its facilities and furnishings in a fit condition; and comply with the house rules. The tenant is prohibited from unreasonably withholding consent to the landlord to enter into the dwelling unit for purposes of inspection, making repairs, supplying services, or exhibiting the dwelling unit to prospective purchasers, mortgagees, or tenants. The landlord may require that the tenant give notice of any anticipated extended absence from the dwelling unit.

Part VI sets forth first the tenants' remedies. If the landlord fails to put the tenant into possession of the dwelling unit at the beginning of the agreed term, the tenant is not liable for rent during the time he is unable to enter into possession, the tenant may terminate the rental agreement, the tenant may recover damages, and, if the inability to enter is due to a wrongful holdover of a prior occupant, the tenant may maintain a summary proceeding in the district court for possession. If after entering into possession of the dwelling unit, the tenant finds that the landlord is in material noncompliance with his obligations under the law, the tenant may terminate the rental agreement during the first week of occupancy. If at any time any condition within the premises deprives the tenant of a substantial part of the benefit and enjoyment of his bargain under the rental agreement, the tenant may terminate after one week's notice. Further, if such condition was caused willfully or negligently by the landlord, the tenant may recover damages. The tenant is also entitled to damages if the landlord removes or excludes him from the premises overnight.

Section -64 and -74 are substantially the same as existing law (Chapter 666, Part II, Hawaii Revised Statutes) and authorize a limited right of the tenant to make minor repairs, with the costs to be deducted from the rent, if after complaint to the landlord and to the Department of Health, the landlord does not make repairs necessary for health and safety purposes. In such cases, the landlord is prohibited from retaliatory eviction and retaliatory rent increases. Part VI of the proposed code spells out the tenant remedies in case of fire or other casualty damage to the dwelling unit. It also specifies the time within which the landlord is required to return advance rent or the amount of a security deposit that the landlord is not authorized to retain—six business days after termination of the rental agreement. The only provision in the code for liquidated damages is the sum of \$100 required if the landlord fails to disclose the names and addresses of persons responsible for the premises. This extraordinary remedy is justified on the grounds that any other tenant remedy is illusory if the tenant does not know the identity of the landlord or if the landlord is an undisclosed absentee landlord.

The remedies of the landlord include eviction for nonpayment of rent, suit for the rent, eviction for the tenant's commission of waste

or material noncompliance with his obligations under the law, charges to the tenant as rent for damages or costs of necessary cleaning or repairs, suit for damages caused by the tenant's noncompliance with his obligations, and eviction for noncompliance with house rules.

Section -75 provides that if a court finds as a matter of law, that a rental agreement or any provision of a rental agreement was unconscionable at the time it was made, the court may refuse to enforce the agreement, enforce the remainder of the agreement without the unconscionable provision, or limit the application of any unconscionable provision. This section is adapted from section 2-302 of the Uniform Commercial Code and is intended to make it possible for the courts to police explicitly against rental agreements or clauses which they find to be unconscionable. The basic test is whether in the light of the background and setting of the market and the condition of the parties, the rental agreement or clauses involved are so one-sided as to be unconscionable under the circumstances existing at the time of the making of the rental agreement. The particular facts involved in each case are determinative since certain rental agreements or clauses may be unconscionable in some situations but not in others.

It is the intent of your Committee that the proposed residential landlord-tenant code will establish a balanced relationship between landlord and tenant and that implicit in the relationships is the contract concept of mutuality of covenants with no unfair advantage to either party. Accordingly, your Committee amended this bill by deleting provisions on the effect of unsigned rental agreements; by making provisions on waiver, agreement to forego rights, and settlement of claims applicable to landlords as well as tenants; by authorizing tenant remedies for a landlord's material noncompliance with his obligations to supply and maintain fit premises as set forth in all of subsection -42(a) and not just subsection -42(a)(1); by granting the landlord fourteen calendar days, rather than 6 business days, to refund rent or return a security deposit pursuant to Section -66; and many other clarifying and technical changes consistent with the purposes and intent of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1502-72, S. D. 2**, as amended herein, and recommends that it pass Second Reading in

the form attached hereto as **S. B. No. 1502-72, S. D. 2, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Sakima.

SCRep. No. 660-72 Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **S. B. No. 1972-72**

The purpose of this bill is to charge expenditures for the Public Employees Health Fund to the appropriate political subdivisions and to increase the monthly contributions on the part of the political subdivisions for dental benefits from one dollar and fifty-six cents to one dollar and seventy-six cents per eligible child.

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 1972-72, S. D. 1** and recommends that it pass Second Reading and that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 661-72 (Majority) Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **S. B. No. 2060-72**

The purpose of this bill is to authorize the use of revenue received from collection of sewer charges for amortization of capital improvements for the construction of sewerage systems.

The bill provides for: (1) the clarification and expansion of language thereof so as to include the acquisition, purchase, construction, reconstruction, improvement, betterment, or extension of sewerage systems; (2) the authorization to establish sewerage systems and to establish and to collect sewer charges from the city council of the political subdivision to the boards of water supply; (3) the uniform, coordinated, and comprehensive treatment and disposal of sewage and liquid waste by the boards of water supply; and (4) the authority to authorize and issue revenue bonds for sewerage systems, and to request the city council or county council, as the case may be, to authorize and issue general obligation bonds for sewerage systems under existing law.

Your Committee has amended this bill to make the provision of this bill applicable only to counties with a population in excess of one hundred thousand.

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 2060-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 2060-72, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee. Representatives Hansen and Yim did not concur.

SCRep. No. 662-72 (Majority) Select committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **S. B. No. 1437-72**

The purpose of this bill is to transfer jurisdiction over waste disposal and sewerage systems for departments and divisions of counties to boards of water supply.

Your Committee has amended this bill to make the provisions of this bill applicable only to counties with a population in excess of one hundred thousand.

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 1437-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1437-72, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee. Representatives Hansen and Yim did not concur.

SCRep. No. 663-72 Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **S. B. No. 1983-72**

The purpose of this bill is to provide for a more comprehensive review of programs affecting the people of the State of Hawaii.

Your Committee recognizing the increase of governmental expenditures and the expanding public programs, feels that programs throughout the State of Hawaii need to be examined on a statewide basis. To in-

sure that the revenues of the various political subdivisions are expended on programs that meet the desires and needs of our people, the bill provides for a greater review of programs affecting the people of the State.

Your Committee further notes that the Congress of the United States is currently considering revenue sharing to states and local governments. The enactment of a revenue sharing measure would increase the revenues of the political subdivisions of the State of Hawaii. Therefore, it is imperative that the Legislature take positive actions today to insure a balanced financial structure that would facilitate the development of programs on a statewide basis.

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 1983-72, S. D. 1** and recommends that it pass Second Reading and that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 664-72 Judiciary on **S. B. No. 43**

The purpose of this bill is to amend the existing election laws relative to the limits on campaign spending and disclosures of campaign spending so as to increase public participation in confidence in the electoral process.

Your Committee agrees with the general attitude expressed in the bill of tightening the controls on campaign expenditures and have made several amendments to make these controls more effective.

To the amendments to section 11-191 of the Hawaii Revised Statutes we have deleted the reference to federal elected officers as they are regulated by federal law. In the same section we have added a new item "e" to make it clear that value of the time spent by an employee released with pay by his employer is a contribution by the employer within the meaning of the bill.

We have also considered the bill's treatment of the transfer of funds between committees. In its present form the bill acknowledges the existence of this practice and merely requires that such transfers be treated for accounting purposes as regular contributions and expenditures. Your Com-

mittee, however, is concerned about the propriety of the transfer of funds contributed to the benefit of a particular candidate to another candidate or his committee. We feel that such transfers are not proper and should not be allowed as they do not comport with the intent of the donors to the candidate or the candidate's committee and indeed may violate the donor's intent where funds are transferred by the candidate or his committee to a candidate who might not meet with the approval of the donors. Also among elected officials this practice tends to concentrate power in those having the position and resources to raise large sums of money. We have therefore inserted a new section prohibiting the transfer of funds contributed to candidates or candidate oriented committees. The prohibition is not intended to inhibit the giving of funds to candidate or candidate oriented committees by committees or organizations other than those controlled by or operated primarily for the benefit of individual candidates.

We have also substantially revised the section setting limits on campaign expenditures. We have made changes as to the time frame within which the restrictions apply, the monetary limit and the character of expenses allocable to a candidate. The bill in its present form sets the limits for campaign spending from the nomination filing deadline or 45 days prior to the general election through the day of the general election. Your Committee feels that this limitation will not achieve the desired benefits of a campaign spending limitation. Campaign spending and promotion during primary periods in a very real fashion are the beginnings of the campaign for the general election and as primary campaigns like general campaigns are directed to voters the monetary limitations should apply to both campaigns.

Since the bill now covers both primary and general elections, the monetary amounts had to be changed also. A schedule is used to provide different limitations for different public officers depending upon the number of voters apportioned to the office and the importance of the office. Your Committee feels that elected administrative officials and legislators with broader representation have greater responsibilities and hence should be allowed more funds per registered voter in conducting their campaigns. House members coming from smaller electoral districts are less likely to need expensive mass media advertising and rely more on personal contacts

in the campaign process. We have therefore established a schedule giving the governor the highest cost per voter and the state representative the lowest cost per voter.

Finally, we have amended the same section to make it clear that production costs for advertising and payments and arrangements made in advance but used during the campaign period are allocable to the campaign limitations. This is to prevent a candidate from having printed and ready to distribute his brochures before the June 1 deadline and not be accountable for that cost. A candidate would still be free to use campaign material produced prior to the last general election without having to have his old production costs included in the restricted limit.

Your Committee has deleted section 6 of the bill which set an age limit for holding office and required office holders seeking another public office to resign before filing nomination papers. With respect to the age limitation we are aware of such limitations on certain appointed officials and government employees generally. However, we feel that these limitations are established by the legislature because the legislative branch has all or some of the responsibilities for selecting those public employees. The selection of legislative officers is a different matter. It should be for the voters to decide whether age or infirmity inhibits a legislator's effectiveness and minimum limitations should be placed upon eligibility for public office.

The omitted section also contained language which would require an elected official to resign before seeking higher office. It is the opinion of the committee that this provision would inhibit public officials from seeking offices of greater responsibilities. An experienced public official is most often well qualified to serve in a higher office and by forcing such an official to resign from his present post would as a practicable matter disqualify a broad range of competent persons willing to undertake that higher office. Again, we feel that the electorate should be given the broadest range from which to choose an elected official.

Other changes made by your Committee are (1) provisions better defining the powers and duties of the chief elections officer (2) a requirement that campaign depositories be banks and (3) a penalty section.

Finally, the bill as amended by your Committee sets limitation on "testimonial affairs" by limiting them to once per election period and establishes reporting control.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 43, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 43, S. D. 2, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Sakima.

SCRep. No. 665-72 Judiciary on **S. B. No. 44**

The purpose of this bill is to prohibit the use of general county register of electors for jury list purposes.

Under the present system the general county register is used for jury selection purposes.

This bill provides that the general county register shall not be used for jury list and that the jury commission of each circuit in selecting persons eligible to serve as trial jurors shall consult the latest census enumeration, the latest telephone and city directories, and the records of the department of taxation and any other available source of names except the general county register of voters.

Your Committee upon consideration of this bill amended this bill to provide that the general county register may be used for jury list or jury selection purposes to allow list alternatives. Conforming changes have also been made. This bill also provides that the first jury lists which can be compiled in accordance with the directions contained in this bill are the lists in which work will start in 1973, i. e., the 1974 jury lists.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 44, S. D. 1, H. D. 1** as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 44, S. D. 1, H. D. 2**.

Signed by all members of the Committee except Representative Sakima.

SCRep. No. 666-72 Judiciary on **S. B. No. 1415-72**

The purpose of this bill is to amend the section of the Hawaii Wage and Hour Law, Section 387-4, which prohibits wage discrimination by:

(1) Deleting language that forbids an employer to "pay any female in his employ at wage rates less than the rates paid the lowest paid male employee in the same establishment for the same quantity and quality of the same classification of work", and

(2) Adding language that would expressly forbid an employer who is found in violation of Section 387-4 to reduce the wage rate of any employee in order to comply with the law.

Section 387-4 presently prohibits discrimination in wage rates based on race, religion, or sex. It also expressly states an employer shall not pay a female employee less than the wage paid the lowest paid male employee in the same establishment for the same kind of work. This express prohibition is subject to an unfortunate interpretation that an employer is not in violation of the law as long as he pays female employees at the same rate he pays the lowest paid male employee in the same job classification.

The deletion of the language in question would strengthen the law by making the governing principle in the law "equal pay for equal work". An employer would then actually be prohibited from discriminating "in any way in the payment of wages . . . as between sexes." It would also make the equal pay provisions of the Hawaii law similar to the language of the Federal Fair Labor Standards Act on the subject.

The addition of language to forbid a non-complying employer to comply with Section 387-4 through the expedient of lowering wage rates of other employees would also strengthen the Hawaii Wage and Hour Law. To permit compliance with the law by lowering wage rates would tend to make the non-discrimination provisions of the law self-defeating. Your Committee amended this bill by deleting the words "male and female" in line 10 of page 1 of this bill to clarify that variations of rates of pay for the same work may only be for a difference in seniority, length of service, substantial difference in duties or services performed, or difference in the shift or time of day worked or hours worked.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1415-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1415-72, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Sakima.

SCRep. No. 667-72 Judiciary on **S. B. No. 1340-72**

The purpose of this bill is to amend the Temporary Disability Insurance Law by adding a new section which would:

(1) Require all employers and insurance carriers to submit copies of benefit denial notices to the department of labor and industrial relations; and

(2) Permit the department to review benefit denials within ten days of receipt and to request employers and insurance carriers involved to reconsider denials if it considers them to be erroneous, without proper legal basis, or without sufficient supporting evidence.

While the Temporary Disability Insurance Law presently gives claimants the right to appeal benefit denials by employers or insurance carriers, the experience of the department of labor and industrial relations has been that many denials are clearly erroneous. The policy of the law to have valid benefit claims paid promptly is defeated in these cases. During the seventeen month period ending December 31, 1971, for example, the department reviewed 163 benefit appeal cases and found more than 50% of them to be clearly erroneous and resulting from a misunderstanding or lack of knowledge of the law. The handling and payment of benefit claims would be expedited by permitting the department to review all denials and to request employers and carriers to reconsider obviously erroneous denials. The necessity of time-consuming hearings before the referee would be obviated in many cases and the payment of benefits to disabled workers in need of funds and clearly entitled to them would be expedited. The director of labor and industrial relations also expressed concern over uncontested denials where claimants forego their benefits because of lack of knowledge of the law or the procedure thereunder. Your Committee agrees the enactment of this

proposal to permit the department of labor and industrial relations to review benefit denials would improve the administration of the law.

Your Committee disagrees with the amendments made by the Senate to its original bill and has accordingly amended this bill by deleting any change to H.R.S. Section 392-41.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1340-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1340-72, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Sakima and Aduja.

SCRep. No. 668-72 Judiciary on **S. B. No. 1805-72**

The purpose of this bill is to curtail organized criminal activity in Hawaii.

It is self-evident to your Committee that organized criminals are not likely to pay taxes on income derived from sales of illicit goods and services. Many such individuals live in a style inconsistent with their apparent lack of regular employment. The victimization of the public is therefore threefold: (1) by the organized criminal activity itself, (2) by the failure of those employed by organized crime to help support essential government services by payment of taxes, thereby increasing the tax burden of honest citizens, and (3) by the accumulation of tax-free capital for investment in legitimate businesses.

Another problem related to organized crime is the overproduction of certain drugs by licensed manufacturers. This overproduction is marketed mainly through channels largely controlled by organized criminal elements. Manufactureres owe a duty to the public as well as their shareholders.

Your Committee amended this bill by deleting Section 1 of **S. B. No. 1805-72, S. D. 1** because the matter is already covered by the Hawaii Penal Code and the Uniform Control Substances Act both of which are now law.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No.**

1805-72, S. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 1805-72, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Aduja and Sakima.

SCRep. No. 669-72 Judiciary on **S. B. No. 1382-72**

The purpose of this bill is to preserve the rights of the people of this State to a quality environment through the enactment of a State environmental quality law.

This bill will add a new chapter to the Hawaii Revised Statutes entitled "Environmental Quality" in which the director of health is empowered to control, through rules and regulations of the department, air pollution, water pollution, noise pollution, and any other form of pollution found in this State. All such rules and regulations are subject to the Administrative Procedures Act, Chapter 91 of the Hawaii Revised Statutes. By this bill, the director of health is authorized with specific duties and powers.

Subject areas of this bill include: procedures for permits to discharge waste or other pollution, variances, cease and desist orders, emergency powers of the director, inspection of premises, violations, injunctions, appeals, enforcement by State and County authorities, and other technical matters.

Your Committee amended this bill as follows:

1. Section 8 is replaced in its entirety. The new Section 8 calls for a more stringent provision of cease and desist orders when the director finds that any source of pollution poses a threat to health. Under **Senate Bill No. 1382-72, S. D. 1**, a polluter could tie up the director of health through lengthy appeals, allowing up to three months before the pollution could be stopped. This amendment requires only that the director establish that a threat to health exists, and cessation can be accomplished in 24 hours.

2. Section 22 is strengthened by including a new subsection requiring any person or agency who plans to construct or modify a potential source of air pollution to obtain a permit for such action. This section is included to make this statute compatible with

the Federal Clean Air Act Amendments of 1970. **Senate Bill No. 1382-72, S. D. 1** contains no such requirement.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1382-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1382-72, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Aduja and Sakima.

SCRep. 670-72 Legislative Management

Informing the House that **House Resolution Nos. 376 to 380, House Concurrent Resolution Nos. 53 to 55, Standing Committee Report Nos. 612-72 to 669-72 and Standing Committee Report Nos. 671-72 to 677-72**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 671-72 Finance on **S. B. No. 288**

The purpose of this bill, as introduced, is to amend chapter 46, Hawaii Revised Statutes, covering general provisions relating to counties, by adding a new section entitled "Improvement districts, initiation by the State", providing, in effect, that the legislative bodies of the counties shall, upon petition of the department of transportation, "initiate an improvement district for the construction and improvement of a state highway . . . pursuant to the applicable statutes or ordinances of the counties," and that all provisions relating to the project under such laws "shall also be applicable in the construction or improvement of the state highway."

The bill requires that the petition of the department shall include the "necessary" plans and data for the highway project, and upon receipt of the petition, the counties shall proceed "as though" the same "had been initiated on their own motion;" and provided that protests thereto shall not permit the counties to abandon, change or modify the plans without written consent of the department.

Finally the bill provides that the department of transportation shall assume (except for "water works" costs) the costs of the improvement; provided that the costs allowable to lands owned by the county (or board of

water supply) shall be paid accordingly. Estimated costs shall be deposited with the county, and the exact cost to be borne by the department shall be made "upon the determination of the actual cost of the construction or improvement."

Your Committee has amended the bill as follows:

By providing that "the respective legislative bodies of the counties **may**, upon the petition of the state department of transportation, create, define and establish improvement districts according to applicable assessment statutes or ordinances, for any betterment or improvement proposed by the state department of transportation." (Emphasis added.) The petition of the department of transportation "shall include the necessary surveys, maps, plans and other data for the betterment or improvement," and "**upon approval** of the petition by the legislative body of the county, the county shall proceed in the same manner as though the plan for the proposed construction or improvement had been initiated by the legislative body of the county"

As amended, the bill provides that the county may abandon proceedings "prior to adoption of the resolution creating the improvement district."

Furthermore, as amended, the bill requires application of assessment laws to the project "insofar as practicable, provided that the costs thereof shall be assessed against the land specially benefited either on a frontage basis, according to area of the land within the improvement district, or on the basis of assessed valuation for real property tax purposes, or any combination thereof."

Provisions with respect to assumption of costs by the department are essentially identical to those of the bill as introduced, except that it is expressly provided that the amendment shall **not** be construed "to prohibit the county from participating in the costs" of a department instituted improvement district.

As to payment for the project, the amended bill provides that "upon filing the petition for the creation of an improvement district, the department of transportation shall deposit with the county an amount adequate to cover the administrative costs of the county. In addition, the department of transportation shall from time to time upon re-

quest of the county deposit the necessary sums to cover the costs of acquiring land required for the project."

Contracts, upon the award thereof, either for the entire project or for separate work thereunder performed, require a "deposit with the county (of) the amount the State is obliged to pay towards the contract price; provided that, if the completion of the contract will extend beyond the fiscal year in which the contract is executed, the department of transportation may deposit with the county, if the contract is to be completed during the next succeeding fiscal year, at least fifty per cent or, if the contract by its terms will not be completed until beyond the next succeeding fiscal year, at least thirty-three and one third per cent of the amount the State is obliged to pay toward the contract price."

These provisions, although they are not contained in the bill as introduced, are equivalent to the statutory standards relating to improvement by assessment.

This measure in its operative effect is not unlike the purpose intended to be achieved in **H. B. No. 2514-72**, upon which your Committee reported in **Stand. Com. Rep. No. 575-72**, except, however, as to the differences between mandatory and permissive standards respecting performance and the procedures for payment.

Enactment hereof constitutes the enabling authority for carrying into effect of the provisions of **H. B. No. 2515-72**, entitled "Relating to Improvements at Waikiki, Oahu," the recommendations of your Committee upon which are contained in **Stand. Com. Rep. No. 457-72**.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 288**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 288, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 672-72 Finance on H. C. R. No. 34

The purpose of this concurrent resolution is to request the Speaker of the House of Representatives and the President of the Sen-

ate to establish a joint interim committee to examine the State's financial condition and fiscal policies.

The legislature, in the 1973 regular session, will be required to enact a budget for the next fiscal biennium and to determine the adequacy of revenues to finance government services and programs. This task carries a heavy responsibility for assuring the soundness of the State's financial condition and the wisdom of its fiscal policies. Your Committee finds that uncertain economic conditions require that the legislature be able to proceed quickly, but from a sound basis, to meet any fiscal contingency which may develop in the months ahead.

Therefore, your Committee, which will be principally concerned with these matters, is completely in consonance with the purpose hereof, and we hereby recommend establishment of the joint committee proposed in that the interim period during the 1972 and 1973 regular sessions provides the legislature with the opportunity for systematic examination of the State's financial condition and its fiscal policies and for development of a foundation from which it can proceed to make budgetary and financial decisions for the next fiscal biennium.

Your Committee on Finance concurs with the intent and purpose of **H. C. R. No. 34** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 673-72 Finance on H. C. R. No. 35

The purpose of this concurrent resolution is to request the Governor to activate an advisory committee on fiscal policies to study the State's financial condition and to recommend financing alternatives.

Your Committee hereby finds and declares that the State's current and future financial condition has been clouded by economic uncertainties, and that these uncertainties may have significant impact on State revenues for the current fiscal biennium. If budget deficits should result from falling revenues, the State must be prepared to select those program and financing alternatives which are in the best interests of the public.

Your Committee is satisfied that a sound basis for making program and financing decisions will require a review of the State's cur-

rent financial condition, an estimate of what that condition portends, and the analysis of all feasible alternatives to meet various contingencies. In the past, the Governor's Advisory Committee on Taxation and Finance has provided valuable service in advising the State administration on various fiscal matters.

We have considered the possibilities and it is our belief that activation of a comparable advisory committee at this time to review the State's financial condition and fiscal policies and its formulation of financing alternatives would enable the State to have a broader viewpoint in developing financial recommendations for the next fiscal biennium.

The availability of the advisory committee, through the Governor, to present its views to appropriate legislative committees would also greatly benefit the legislature in its consideration of fiscal issues.

Therefore, this concurrent resolution requests that the Governor activate at this time an Advisory Committee on Fiscal Policies comprised of members representing a cross section of the public and private sectors for the purpose of reviewing the State's financial condition and fiscal policies and for the purpose of recommending financing alternatives.

The advisory committee is requested to complete its work and submit its findings and recommendations in sufficient time for the Governor to have the opportunity to consider the recommendations in conjunction with his development of the executive budget for the next biennium and program and financial plans for the next six years; and that the advisory committee is further requested to be available, through the Governor, to present its views to such legislative committees as may require its assistance during the interim period between the 1972 and 1973 legislative sessions.

Your Committee on Finance concurs with the intent and purpose of **H. C. R. No. 35** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 674-72 Finance on H. R. No. 268

The purpose of this resolution is to request the Governor to activate an advisory com-

mittee on fiscal policies to study the State's financial condition and to recommend financing alternatives.

Your Committee hereby finds and declares that the State's current and future financial condition has been clouded by economic uncertainties, and that these uncertainties may have significant impact on State revenues for the current fiscal biennium. If budget deficits should result from falling revenues, the State must be prepared to select those program and financing alternatives which are in the best interests of the public.

Your Committee is satisfied that a sound basis for making program and financing decisions will require a review of the State's current financial condition, an estimate of what that condition portends, and the analysis of all feasible alternatives to meet various contingencies. In the past, the Governor's Advisory Committee on Taxation and Finance has provided valuable service in advising the State administration on various fiscal matters.

We have considered the possibilities and it is our belief that activation of a comparable advisory committee at this time to review the State's financial condition and fiscal policies and its formulation of financing alternatives would enable the State to have a broader viewpoint in developing financial recommendations for the next fiscal biennium.

The availability of the advisory committee, through the Governor, to present its views to appropriate legislative committees would also greatly benefit the legislature in its consideration of fiscal issues.

Therefore, this resolution requests that the Governor activate at this time an Advisory Committee on Fiscal Policies comprised of members representing a cross section of the public and private sectors for the purpose of reviewing the State's financial condition and fiscal policies and for the purpose of recommending financing alternatives.

The advisory committee is requested to complete its work and submit its findings and recommendations in sufficient time for the Governor to have the opportunity to consider the recommendations in conjunction with his development of the executive budget for the next biennium and program and financial plans for the next six years; and that the advisory committee is further requested

to be available, through the Governor, to present its views to such legislative committees as may require its assistance during the interim period between the 1972 and 1973 legislative sessions.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 268** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 675-72 Finance on H. R. No. 269

The purpose of this resolution is to request the Governor to effect savings through changes in government programs and operations and to reflect all savings in the executive budget and program and financial plans to be submitted to the 1973 regular session of the Legislature.

Your Committee hereby finds and declares that the resources available to provide public services are always limited, and that it is the continuing responsibility of government to ensure that the public's resources are expended only for those programs which are essential and effective. It is also the continuing responsibility of government to ensure that it conserve the public's resources by making every effort to bring about greater efficiencies in government operations.

The economic uncertainties which confront the nation and Hawaii make it even more urgent that State Government subject its programs and operations to the closest scrutiny with a view toward bringing expenditures into balance with revenues. Before any considerations should be given to adjustments in revenues, your Committee is firm in its conviction that every effort should be made to effect savings in State government through the discontinuance of ineffective programs and duplications in services and through the implementation of more efficient operations.

It is the intent of the State's new planning-programming-budgeting system that the budget and program and financial plans provide for the most efficient and effective allocation of resources and reflect the savings which result from more efficient government operations. The assurance that the State government has examined and capitalized on every cost savings opportunity, therefore,

would provide the Legislature with a more reliable basis for assessing the financial needs of biennium.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 269** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 676-72 Finance on **H. C. R. No. 33**

The purpose of this concurrent resolution is to request the governor to effect savings through changes in government programs and operations and to reflect all savings in the executive budget and program and financial plans to be submitted to the 1973 regular session of the legislature.

Your Committee hereby finds and declares that the resources available to provide public services are always limited, and that it is the continuing responsibility of government to ensure that the public's resources are expended only for those programs which are essential and effective. It is also the continuing responsibility of government to ensure that it conserve the public's resources by making every effort to bring about greater efficiencies in government operations.

The economic uncertainties which confront the nation and Hawaii make it even more urgent that State government subject its programs and operations to the closest scrutiny with a view toward bringing expenditures into balance with revenues. Before any consideration should be given to adjustments in revenues, your Committee is firm in its conviction that every effort should be made to effect savings in State government through the discontinuance of ineffective programs and duplications in services and through the implementation of more efficient operations.

It is the intent of the State's new planning-programming-budgeting system that the budget and program and financial plans provide for the most efficient and effective allocation of resources and reflect the savings which result from more efficient government operations. The assurance that the State government has examined and capitalized on every cost savings opportunity, therefore, would provide the legislature with a more reliable basis for assessing the financial needs of the State in connection with the budget for the 1973-75 fiscal biennium.

Your Committee on Finance concurs with the intent and purpose of **H. C. R. No. 33** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 677-72 Lands on **H. R. No. 47**

The purpose of this Resolution is to request Operation F.R.E.S.H. to submit its findings to the Speaker of the House.

It is estimated that approximately twenty-five per cent of the land on the Island of Oahu is held by the federal government, primarily for military use, and the extent to which these lands are not needed for federal purpose is being studied by Operation F.R.E.S.H. The return of excess federal lands to the State will materially lessen the critical housing shortage and enable the construction of other public facilities for our citizens.

Since a similar study was required of all federal agencies in the Admissions Act of March 18, 1959 (P.L. 86-3), Operation F.R.E.S.H. is long overdue. This study should be made available without delay.

Your Committee on Lands amended the Resolution requesting that the report be submitted to the Speaker of the House rather than to the House Committee on Military and Civil Defense.

Your Committee on Lands concurs with the intent and purpose of **H. R. No. 47**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 47, H. D. 1**.

Signed by all members of the Committee except Representative Wedemeyer.

SCRep. 678-72 Transportation of **H. R. No. 271**

The purpose of this Resolution is to request the Department of Transportation to investigate the problem of differentials in ocean freight rates to recommend legislative or other action and to submit its findings and recommendations to the 1973 Legislature. Your Committee agrees that the concerns expressed in the Resolution are serious and proper subjects for legislative consideration.

Your Committee on Transportation con-

curs with the intent and purpose of **H. R. No. 271** and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 679-72 Tourism on **H. R. No. 321**

The purpose of this Resolution is to request the Legislative Auditor to conduct a systematic study of the tourism promotion program of the Hawaii Visitors Bureau. Such a study is needed since the last financial audit of the Hawaii Visitors Bureau by the Legislative Auditor was for the period July 1, 1967 to June 30, 1968.

The Hawaii Visitors Bureau is on record as favoring such a study.

Your Committee on Tourism concurs with the intent and purpose of **H. R. No. 321** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 680-72 Tourism on **H. C. R. No. 36**

The purpose of this concurrent resolution is to request the Governor to establish a temporary Hawaii Visitor Industry Council to develop policy regarding the visitor industry and to coordinate the policy implementation on the visitor industry.

The Visitor Industry Council would consist of seventeen members. Thirteen members would be appointed by the Governor and the remaining four would be appointed by the mayor of each county.

Your Committee recognizes that individual organizations have directly concerned themselves and have actively participated in public and legislative dialogue concerning the problem of uncontrolled growth of tourism in Hawaii. Positive results have been obtained by these organizations. However, their efforts have been addressed to the immediate problems in the visitor industry and your Committee believes that a Visitor Industry Council could coordinate efforts and establish guidelines for the orderly future growth of the industry. Such a council would directly involve industry people and enlist their best knowledge and thinking. It would also have active participation by the State, enlisting its full planning and research capabilities.

Your Committee believes it would be more productive to establish a temporary council which can begin modestly and, if indicated in the course of its work to define more ambitious goals, it can request implementation at a later date, including suggestions for a permanent structure.

Your Committee on Tourism is in accord with the intent and purpose of **H. C. R. No. 36** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 681-72 Public Health, Youth and General Welfare on **H. B. 1984-72**

The purpose of this bill is to appropriate certain sums to provide for the further development of the Oahu hospital emergency system.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **H. B. No. 1984-72** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 682-72 Public Health, Youth and General Welfare

The purpose of this bill is to provide for a pilot program utilizing mobile intensive care paramedics for the delivery of emergency medical care to the sick and injured at the scene of an emergency, during transport to a hospital, while in the hospital emergency department, and until care responsibility is assumed by the regular hospital staff.

There is a critical shortage of professionally trained medical and nursing personnel for the delivery of fast, efficient emergency medical care for the sick and injured at the scene and during transportation to a health care facility. Improved emergency service is required to reduce the mortality rate during the first critical minutes immediately following an accident, or the onset of a serious physical condition such as an acute myocardial infarction. Pilot projects of the type provided for in this Act are required in order to develop and evaluate a program for the provision of the best and most economical delivery of emergency medical care.

Your Committee made amendments to this short form bill to provide more detailed definitions and procedures under the bill. An amendment was also made to provide that a physician or registered nurse, who in good faith gives emergency instructions to a paramedic at the scene of an emergency, shall not be liable for any civil damages as a result of issuing the instructions.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **H. B. No. 2457-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2457-72, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 683-72 Finance on S. B. No. 866

The purpose of this bill, as heretofore amended, is to amend Section 363-12, Hawaii Revised Statutes, to include the Keaukaha, Lanakila, Kalaoa, Milolii-Hookena and North Kona areas of the County of Hawaii as priority areas for progressive neighborhood programs.

This bill is in accord with the intent of Act 299, Session Laws of Hawaii, 1967, which is to develop exemplary demonstration projects which will test new programs in better meeting the needs of our people in specified progressive neighborhood areas in the hope that this will provide insights into better public policies.

The task force's concern lies in the loss of program effectiveness by spreading its efforts too thinly over a wide area and in the added costs of transporting members to monthly meetings of the task force. However, the intent of this bill is to merely designate these areas as progressive neighborhood areas; it is not a directive to begin progressive neighborhood activities in all of these areas.

This bill will free the progressive neighborhood task force from being confined within the Nanakuli-Waianae and Kalihi-Palama areas. Should federal funds be available to the task force, there shall exist several progressive neighborhood designated areas for the implementation of programs.

Your Committee has annexed hereto

copies of Senate **Stand. Com. Rep. Nos. 232** and **316** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 866, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 316-72 Ways and Means on S. B. No. 866, S. D. 1

The purpose of this bill as amended, is to amend Section 363-12, Hawaii Revised Statutes to include the Keaukaha, Lanakila, Kalaoa, Milolii-Hookena and North Kona areas of the County of Hawaii as priority areas for progressive neighborhood programs.

We concur with the findings and recommendation of the Committee on Human Resources as stated in **Standing Committee Report No. 232**.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 866, S. D. 1** and recommends its passage on third reading.

Signed by all members of the Committee.

SCRep. 232-72 Resources on S. B. No. 866

The purpose of this bill is to amend Section 362-12 of the Hawaii Revised Statutes to designate the City and County of Honolulu, Keaukaha, Lanakila, Kalaoa, and Milolii-Hookena areas in the County of Hawaii as progressive neighborhood areas.

This bill is in accord with the intent of Act 299, Session Laws of Hawaii 1967, which is to develop exemplary demonstration projects which will test new programs in better meeting the needs of our people in specified progressive neighborhood areas in the hope that this will provide insights into better public policies.

The task force's concern lies in the loss of program effectiveness by spreading its efforts too thinly over a wide area and in the added costs of transporting members to monthly meetings of the task force. However, the intent of this bill is to merely designate these areas as progressive neighborhood areas; it is not a directive to begin progressive neighborhood activities in all of these areas.

This bill will free the progressive neighborhood task force from being confined within the Nanakuli-Waianae and Kalihi-Palama areas. Should federal funds be available to the task force, there shall exist several progressive neighborhood designated areas for the implementation of programs.

Your committee has amended Section 1, subsection (2), to include the North Kona area in the County of Hawaii.

Your Committee on Human Resources is in accord with the intent and purpose of **S. B. No. 866**, as amended herein, and recommends its passage on second reading in the form attached hereto as **S. B. No. 866, S. D. 1**, and its referral to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 684-72 Finance on **S. B. No. 1436-72**

The purpose of this bill is to establish a legislative scientific advisory committee to aid the legislature in making judicious decisions on legislation involving scientific or technical matters.

Over the recent past, the legislature has accelerated the legislative modernization movement to attain the goal of bringing about more systematic and effective legislative decision-making. To achieve this aim legislative modernization has been directed toward a number of specific goals: a more productive committee system; more efficient scheduling of legislative activities; better equipment and facilities; and improving the quality of legislative staff.

Your Committee recognizes that much of today's legislation entails scientific and technological implication which requires review by members of the scientific community. The establishment of a scientific advisory committee would enable the legislature to have all proposed legislation containing scientific and technical implications evaluated and assessed in a formal, orderly, and expeditious manner.

Moreover, the scientific advisory committee would provide the legislature with its own information capability. The legislature would be able to arrive at decisions based on impar-

tial information and not be completely reliant on information provided by the executive branch.

In view of the foregoing, your Committee recommends that the Office of the Legislative Auditor develop the necessary operational procedures including such aspects as handling of legislative requests, gathering of information and the reporting thereof. Your Committee also expects the Office of the Legislative Auditor to defray expenses of the scientific advisory committee.

Your Committee has annexed hereto a copy of **Senate Stand. Com. Rep. No. 369-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1436-72**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 369-72 Ways and Means on **S. B. No. 1436-72**

The purpose of this bill is to establish a legislative scientific advisory committee to aid the legislature in making judicious decisions on legislation involving scientific or technical matters.

Over the recent past, the legislature has accelerated the legislative modernization movement to attain the goal of bringing about more systematic and effective legislative decision-making. To achieve this aim legislative modernization has been directed toward a number of specific goals: a more productive committee system; more efficient scheduling of legislative activities; better equipment and facilities; and improving the quality of legislative staff.

Your Committee recognizes that much of today's legislation entails scientific and technological implication which requires review by members of the scientific community. The establishment of a scientific advisory committee would enable the legislature to have all proposed legislation containing scientific and technical implications evaluated and assessed in a formal, orderly and expeditious manner.

Moreover, the scientific advisory committee would provide the legislature

with its own information capability. The legislature would be able to arrive at decisions based on impartial information and not be completely reliant on information provided by the executive branch.

In view of the foregoing, your Committee recommends that the Office of the Legislative Auditor develop the necessary operational procedures including such aspects as handling of legislative requests, gathering of information and the reporting thereof. Your Committee also expects the Office of the Legislative Auditor to defray expenses of the scientific advisory committee.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1436-72**, and recommends its passage on second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 685-72 Finance on **S. B. No. 1471-72**

The purpose of this bill is to amend Act 127, Session Laws of Hawaii, 1970, to expand the definition of the term "drug", as used therein, to include "alcohol" and "intoxicating liquor."

According to a recent opinion from the attorney general's office the purpose and intent of Act 127, SLH, 1970, is to provide monies for drug abuse other than alcohol abuse. This bill, will allow such funds presently unexpended to be considered for use in the area of alcohol abuse.

The department of health, testifying in favor of the bill, has observed, "There is no dispute among professionals in the area of alcohol study as to whether alcohol is a drug. It is considered to be the most pernicious drug of those abused."

Your Committee is informed that the Governor's Committee on Substance Abuse, established by **Senate Concurrent Resolution No. 75-70**, testified in favor of the bill, noting it would permit the Committee to take the broadest possible approach to statewide coordination of substance abuse programs.

The funds necessary to carry out the purposes of Act 127, were provided by the 1970 Legislature.

Your Committee has annexed hereto a copy of **Senate Stand. Com. Rep. No. 520-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1471-72** and recommends that it pass third reading.

Signed by all members of the Committee

SCRep. 520-72 Ways and Means on **S. B. No. 1471-72**

The purpose of this bill is to amend Act 127, Session Laws of Hawaii 1970, to expand the definition of the term "drug", as used therein, to include "alcohol" and "intoxicating liquor."

According to a recent opinion from the attorney general's office the purpose and intent of Act 127, SLH 1970, is to provide monies for drug abuse other than alcohol abuse. This bill, will allow such funds presently unexpended to be considered for use in the area of alcohol abuse.

The department of health, testifying in favor of the bill, observed, "There is no dispute among professionals in the area of alcohol study as to whether alcohol is a drug. It is considered to be the most pernicious drug of those abused."

The Governor's Committee on Substance Abuse, established by **Senate Concurrent Resolution No. 75-70**, testified in favor of the bill noting it would permit the Committee to take the broadest possible approach to statewide coordination of substance abuse programs.

The funds necessary to carry out the purposes of Act 127, was provided by the 1970 Legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1471-72** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 686-72 Finance on **S. B. 1577-72**

The purpose of this bill is to amend Section 147-74 (4), Part V, Hawaii Revised Statutes, by deleting statutory provisions for inspec-

tion fees for certification of chicken eggs and allowing the department of agriculture to establish inspection fees through promulgation of rules and regulations.

Your Committee is informed that changes in inspection fees are frequently necessary to offset increased costs related to providing inspection services. The authority to change the fees by rules and regulations rather than amending the statute each time fees need to be changed would greatly facilitate the operation of the department.

Your Committee has annexed hereto copies of **Stand. Com. Rep. No. 658-72** from your Committee on Agriculture and Senate **Stand. Com. Rep. No. 472-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1577-72** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 658-72 on S. B. No. 1577-72

The purpose of this bill is to delete the statutory provisions relating to inspection fees for certification of chicken eggs, thus allowing the Department of Agriculture to establish inspection fees through promulgation of rules and regulations. The authority to change the fees by rules and regulations rather than by statutory amendments would greatly facilitate the operation of the Department.

Your Committee on Agriculture is in accord with the intent and purpose of **S. B. No. 1577-72** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all the members of the Committee.

SCRep. 472-72 Economic Development on S. B. No. 1577-72

The purpose of the bill is to amend Section 147-74(4), Part V, Hawaii Revised Statutes, by deleting statutory provisions for inspection fees and allowing the Department of Agriculture to establish inspection fees through promulgation of rules and regulations.

The Department of Agriculture testified that changes in inspection fees are frequently necessary to offset increased costs related to providing inspection services. The authority to change the fees by rules and regulations rather than amending the statute each time fees need to be changed would greatly facilitate the operation of the department.

Your Committee on Economic Development is in accord with the intent and purpose of **S. B. No. 1577-72** and recommends its passage on second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 687-72 Finance on S. B. No. 1737-72

The purpose of this bill is to amend portions of Chapter 317, Hawaii Revised Statutes, to improve further statewide student conferences and to involve a greater number of public school students with the leadership conference.

The proposed amendments will broaden student participation to include a cross-section of all secondary students, modify procedures for appointment and representation to the student conference committee, and change the effective dates of the conference. Testimony has been legislatively received from students and administrators who reported favorably on this bill, that the amendments will make the leadership conference more equitable and accessible to all students.

Your Committee has annexed hereto copies of House **Stand. Com. Rep. No. 606-72** from your Committee on Education and Senate **Stand. Com. Rep. No. 408-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1737-72**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 408-72 Ways and Means on S. B. No. 1737-72

The purpose of this Bill is to amend portions of Chapter 317, Hawaii Revised Statutes, to improve further statewide student conferences and to involve a greater number

of public school students with the leadership conference.

Your Committee on Education has heard testimony from students and administrators who reported favorably on this Bill. The amendments will make the leadership conference more equitable and accessible to all students.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1737-72**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 688-72 Finance on **S. B. No. 1972-72**

The purpose of this bill is to charge expenditures for the Public Employees Health Fund to the appropriate political subdivisions (in addition to the State) and to increase the monthly contributions on the part of the political subdivisions for dental benefits from one dollar and fifty-six cents to one dollar and seventy-six cents per eligible child.

Your Committee has annexed hereto copies of **Stand. Com. Rep. No. 660-72** from your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives and Senate **Stand. Com. Rep. No. 402-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1972-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 660-72 Public Employment on **S. B. 1972, S. D. 1**

The purpose of this bill is to charge expenditures for the Public Employees Health Fund to the appropriate political subdivisions and to increase the monthly contributions on the part of the political subdivisions for dental benefits from one dollar and fifty-six cents to one dollar and seventy-six cents per eligible child.

Your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 1972-72, S. D. 1** and recommends that

it pass Second Reading and that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 402-72 Ways and Means on **S. B. No. 1972-72**

The purpose of this bill is to charge expenditures for the Public Employees Health Fund to the appropriate political subdivisions and to increase the monthly contributions on the part of the political subdivisions for dental benefits from one dollar and fifty-six cents to one dollar and seventy-six cents per eligible child.

Your Committee is in accord with the intent and purpose of **S. B. No. 1972-72**, as amended herein, and recommends that it pass first and second readings in the form attached hereto as **S. B. No. 1972-72, S. D. 1**, and that it be recommitted to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 689-72 Finance on **S. B. No. 1988-72**

The purpose of this bill is to improve and expand the Progressive Neighborhoods Program. The specific means proposed to accomplish the purpose is the incorporation of successful and relevant Model Cities projects into the Progressive Neighborhoods Program.

The Honolulu Model Cities program, as is true of all Model Cities programs, was created with the support of federal funds for the specific period of five years. In the five years of its existence, Model Cities was to initiate innovative and imaginative approaches to improving the quality of life of urban area residents in specified model neighborhood areas. Approaches which were determined to be successful and worth continuing were to be expanded into areas other than the model neighborhoods. Further, successful approaches were to be continued by finding funding support from sources other than federal Model Cities funds.

Model Cities began its action year on January 1, 1972. It is not clear whether there will be a fourth or fifth action year due to pressures at the federal level to discard Model

Cities in favor of revenue sharing plans. Therefore, it is imperative that efforts be made as soon as possible to find new organizational homes for successful Model Cities projects to avoid the unhappy possibility that good projects might be terminated with the cessation of federal funds.

Many Model Cities projects complement or supplement the activities of the Progressive Neighborhoods Program. It seems likely that this latter program might be greatly strengthened and improved by the incorporation of certain Model Cities activities. **S. B. No. 1988-72**, as amended, proposes a study of all Model Cities projects to determine which projects are worth continuing and which projects should be incorporated into the Progressive Neighborhoods Program. The bill recognizes the fact that in reviewing all Model Cities projects it is reasonable to explore the possibilities of placing some projects elsewhere within the State organizational structure than in the Progressive Neighborhoods Program. Provision is made in the bill for the study to suggest which Model Cities projects are appropriate for inclusion as activities of the State government and where they might most suitably be placed organizationally.

The Senate committee on Ways and Means has amended the bill in the following respects:

1. The title of Section 1 has been changed from "Purpose" to "Findings and Purpose" and the section has been expanded to clarify the problems with which the Act is concerned.

2. Section 2 has been retitled "Study Authorized" and provides the governor's office authorization to engage a director and secretarial support to conduct the study or alternatively, to contract with the Resident Research and Planning Centers in Kalihi-Palama and Waianae-Nanakuli to conduct all or part of the study.

3. The original Section 3 (**Sections affected**) has been deleted and a new section substituted "Report", requiring the governor's office to submit a final study to the Legislature twenty days prior to the convening of the 1973 Regular Session.

4. Section 4, "Appropriations", has been

amended to provide for an appropriation of \$27,000 to the governor's office for the purpose of conducting the study.

Your Committee realizes that the success of the proposed study in significant measure, depends on the cooperation of the City and County of Honolulu and all Model Cities projects. We urge all involved individuals and organizations to cooperate to the fullest possible extent with the governor's office in its conduct of the study. Further, it is our recommendation that the study utilize to the fullest possible extent the professional and informational resources of the Resident Research and Planning Centers in Kalihi-Palama and Waianae-Nanakuli.

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 496-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1988-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 496-72 Ways and Means on **S. B. No. 1988-72, S. D. 1**

The purpose of this bill is to improve and expand the Progressive Neighborhoods Program. The specific means proposed to accomplish the purpose is the incorporation of successful and relevant Model Cities projects into the Progressive Neighborhoods Program.

The Honolulu Model Cities program, as is true of all Model Cities programs, was created with the support of federal funds for the specific period of five years. In the five years of its existence, Model Cities was to initiate innovative and imaginative approaches to improving the quality of life of urban area residents in specified model neighborhood areas. Approaches which were determined to be successful and worth continuing were to be expanded into areas other than the model neighborhoods. Further, successful approaches were to be continued by finding funding support from sources other than federal Model Cities funds.

Model Cities began its action year on January 1, 1972. It is not clear whether there will

be a fourth or fifth action year due to pressures at the federal level to discard Model Cities in favor of revenue sharing plans. Therefore, it is imperative that efforts be made as soon as possible to find new organizational homes for successful Model Cities projects to avoid the unhappy possibility that good projects might be terminated with the cessation of federal funds.

Many Model Cities projects complement or supplement the activities of the Progressive Neighborhoods Program. It seems likely that this latter program might be greatly strengthened and improved by the incorporation of certain Model Cities activities. **S. B. No. 1988-72**, as amended, proposes a study of all Model Cities projects to determine which projects are worth continuing and which projects should be incorporated into the Progressive Neighborhoods Program. The bill recognizes the fact that in reviewing all Model Cities projects it is reasonable to explore the possibilities of placing some projects elsewhere within the State organizational structure than in the Progressive Neighborhoods Program. Provision is made in the bill for the study to suggest which Model Cities projects are appropriate for inclusion as activities of the State government and where they might most suitably be placed organizationally.

Your Committee has amended the bill in the following respects:

1. The title of Section 1 has been changed from "Purpose" to "Findings and Purpose" and the section has been expanded to clarify the problems with which the Act is concerned.

2. Section 2 has been retitled "Study Authorized" and provides the governor's office authorization to engage a director and secretarial support to conduct the study alternatively, to contract with the Resident Research and Planning Centers in Kalihi-Palama and Waianae-Nanakuli to conduct all or part of the study.

3. The original Section 3 (**Sections affected**) has been deleted and a new section substituted "Report", requiring the governor's office to submit a final study to the Legislature twenty days prior to the convening of the 1973 Regular Session.

4. Section 4, "Appropriations" has been amended to provide for an appropriation of

\$27,000 to the governor's office for the purpose of conducting the study.

Your Committee realizes that the success of the proposed study in significant measure, depends on the cooperation of the City and County of Honolulu and all Model Cities projects. We urge all involved individuals and organizations to cooperate to the fullest possible extent with the governor's office in its conduct of the study. Further, it is our recommendation that the study utilize to the fullest possible extent the professional and informational resources of the Resident Research and Planning Centers in Kalihi-Palama and Waianae-Nanakuli.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1988-72, S. D. 1**, and recommends its passage on third reading.

Signed by all members of the Committee.

SCRep. 690-72 Finance on **S. B. No. 2014-72**

The purpose of this bill is to repeal chapter 376, Hawaii Revised Statutes, the Hawaii Industrial Safety Law, and enact the Hawaii Occupational Safety and Health Act which will include all of the provisions of chapter 376 and add provisions required by Public Law 91-596, the Federal Occupational Safety and Health Act (OSHA).

With the passage of this bill, Hawaii will be permitted to establish its own safety and health standards which will be at least as effective as the standards established in Public Law 91-596, which establishes certain minimum safety and health standards to be enforced in every state. This law was passed after many years of study and investigation concerning injuries and deaths suffered in the working environment.

By its enactment, the federal government, through the U. S. Labor Department, has preempted the field of occupational safety and health laws, regulations, enforcement and administration from the states. The law is designed to permit each state to administer and enforce its own safety and health standards, provided that the state submits a plan, including a restructuring of its laws and rules and regulations, which is acceptable to the U. S. Labor Department. If the state does not,

then the U. S. Labor Department will take over and directly administer and enforce the law in Hawaii.

Your Committee on Finance concurs with the findings of your Committee on Labor in **Stand. Com. Rep. No. 618-72**, and with the contents of Senate **Stand. Com. Rep. Nos. 385-72** and **513-72**, copies of each of which are hereto annexed, and the contents of which are herein incorporated by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 2014-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 513-72 Ways and Means on S. B. No. 2014-72

The purpose of this bill is to repeal chapter 376, Hawaii Revised Statutes, the Hawaii Industrial Safety Law, and enact the Hawaii Occupational Safety and Health Act which will include all of the provisions of chapter 376 and add provisions required by Public Law 91-596, the federal Occupational Safety and Health Act (OSHA).

With the passage of this bill, Hawaii will be permitted to establish its own safety and health standards which will be just as or more effective than the standards established in Public Law 91-596.

On December 29, 1970, Congress passed Public Law 91-596 which establishes certain minimum safety and health standards to be enforced in every state. This law was passed after many years of study and investigation concerning injuries and deaths suffered in the working environment.

By its enactment, the federal government, through the U. S. Labor Department, has preempted the field of occupational safety and health laws, regulations, enforcement and administration from the states. The law is designed to permit each state to administer and enforce its own safety and health standards, provided that the state submits a plan, including a restructuring of its laws and rules and regulations, which is acceptable to the U. S. Labor Department. If the state does not, then the U. S. Labor Department will take over and directly administer and enforce the law in Hawaii.

Your Committee on Ways and Means concurs with the findings of your Committee on Human Resources as stated in **Standing Committee Report Number 385-72**.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 2014-72, S. D. 1**, and recommends its passage on third reading.

Signed by all members of the Committee.

SCRep. 385-72 Human Resources on S. B. No. 2014-72

The purpose of this bill is to repeal chapter 376, Hawaii Revised Statutes, the Hawaii Industrial Safety Law, and enact the Hawaii Occupational Safety and Health Act which will include all of the provisions of chapter 376 and add provisions required by Public Law 91-596, the federal Occupational Safety and Health Act (OSHA).

With the passage of this bill, Hawaii will be permitted to establish its own safety and health standards which will be just as or more effective than the standards established in Public Law 91-596.

On December 29, 1970, Congress passed Public Law 91-596 which establishes certain minimum safety and health standards to be enforced in every state. This law was passed after many years of study and investigation concerning injuries and deaths suffered in the working environment.

By its enactment, the federal government, through the U. S. Labor Department, has preempted the field of occupational safety and health laws, regulations, enforcement and administration from the states. The law is designed to permit each state to administer and enforce its own safety and health standards, provided that the state submits a plan, including a restructuring of its laws and rules and regulations, which is acceptable to the U.S. Labor Department. If the state does not, then the U.S. Labor Department will take over and directly administer and enforce the law in Hawaii.

After having had the benefit of other views, the Department of Labor on its own has suggested certain amendments to its original proposal.

Your Committee upon consideration of the bill is of the opinion that the bill be

amended in accordance with the department's suggestions.

Your Committee has therefore amended the bill as follows:

(1) § -3 Definitions. Adding a new definition for Occupational Safety and Health Standard to read:

“Occupational Safety and Health Standard’ means a standard which requires conditions, or the adoption or use of one or more practices, means, methods, operations, or processes, reasonably necessary or appropriate to provide safe or healthful employment and places of employment.”

This amendment would clarify the frequent reference in the bill to Occupational Safety and Health Standard.

(2) § -4 (a)(3) Adding the words “No inference of admission of violation of a standard shall be made against the employer by reason of his application for variance;”

This amendment would insure that no such inference could be made to the detriment of the employer.

(3) § -4 (d)(1) Substituting the words “a search warrant providing on its face that the willful interference with its lawful execution may be punished as a contempt of court.” for the words “an injunction restraining the operation of business until right of entry or inspection is granted”. Also, deleting the last sentence of -4 (d)(1) which becomes unnecessary.

This amendment would remove any doubt as to whether or not Hawaii would be in compliance with the federal law on this enforcement matter.

(4) § -6 (a)(1) Adding the words “as well as free from recognized hazards” to the sentence reading “Every employer shall furnish employment and a place of employment which are safe for the employees therein.”

This amendment would emphasize that there may be safety requirements in addition to recognized safety standards.

(5) § -6 (a)(1) Adding the words “except for the specific purpose of abating said hazard” to the sentence reading “No employer shall require or permit any employee

to go or be in any employment or place of employment which is not free from recognized hazards that are causing or likely to cause death or serious physical harm to employees or which does not comply with occupational safety and health standards promulgated under this chapter.”

This amendment would allow employees to perform the necessary work to alleviate the hazard.

(6) The addition of new § -6 (a)(4) to read “Nothing in this chapter shall prevent the secretary of labor from requiring reports from employers under Public Law 91-596 Section 8 (c).”

This amendment would affirm the federal requirement of employer's reports being submitted to the Secretary of Labor.

(7) § -6 (a)(6) Adding the words “as well as notices informing employees of their rights and obligations under this chapter” to the sentence reading “All employers shall be required to post prominently in the working place all posters and information provided by the department for posting”.

This amendment would insure that required posters not provided by the department would be posted.

(8) § -8 (e): The main amendments to this section include the addition of the following new provisions:

“§ 8(e)(3) Within thirty days of the alleged act of discrimination, the employee shall file a complaint with the department setting forth the circumstances thereof.”

“§ -8 (e)(4) The director shall investigate said complaint and if he finds discrimination in violation of this chapter, he may order the employer to provide necessary relief to the employee including rehiring, reinstatement to former job with back pay and restoration of seniority.”

This amendment would give relief to the discriminated employee.

“§ -8 (e)(5) Nothing in this section shall prevent a penalty being levied against the employer under section 10.”

This amendment would insure that the sanctions in this section are separate and

apart from the penalties set forth in section 10.

(9) § -10 (a) Adding the words “except that during an abatement period, penalty may be suspended” to the sentence reading “Each day a violation continues shall constitute a separate violation”.

This amendment would prevent additional penalties being levied on the employers for each separate day of the abatement period, the period during which they are given an opportunity to correct violations of the safety standards.

(10) § -12 Substituting the words “on the record” instead of “de novo”.

This amendment would facilitate circuit court duties by preventing further evidence taking there and permitting review on matters of law and procedure only. This is in accordance with federal handling of review under Public Law 91-596.

Your Committee upon consideration of the bill and the department’s suggestions has made several other minor changes in the bill as well as modified the format of the bill for greater clarity and preciseness of language.

Your Committee on Human Resources is in accord with the intent and purpose of **S. B. No. 2014-72** as amended in the form attached hereto as **S. B. No. 2014-72 S. D. 1** and recommends that it pass second reading and its referral to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 691-72 Lands on S. B. No. 1694-72

The purpose of this bill is to appropriate \$1,000,000 for the construction and further development of a park at Anuenue, Oahu.

The development of a public park at Anuenue will do much to complement the vast industrial developments in the surrounding area. Its location, near Kalihi-Palama, will provide badly-needed recreational facilities for this densely populated area.

Your Committee on Lands is in accord with the intent and purpose of **S. B. No. 1694-72, S. D. 1** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 692-72 Lands on S. B. No. 1806-72

The purpose of this bill is to provide for the development of a policy for the State of Hawaii to halt urban sprawl with its attendant need for costly urban services, to preserve and conserve open space areas, to enhance and protect the environment of Hawaii, and to uplift the quality of life for all its citizens, and to provide for the implementation of this policy.

Presently, there is no quality growth policy as such in the State. This bill would direct the Office of the Governor to develop such a policy, and sets the criteria upon which the policy will be based.

Your Committee on Lands is in accord with the intent and purpose of **S. B. No. 1806-72, S. D. 2** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 693-72 (Majority) Lands on S. B. No. 2013-72

The purpose of this bill is to empower the Hawaii Housing Authority to develop housing projects which shall be exempted from all statutes, ordinances and rules relating to zoning and construction standards for subdivisions, development and improvement of land, and the construction and sale of homes thereon; provided (1) the Hawaii Housing Authority finds the project is consistent with the production of housing under the purpose of Chapter 359G, Hawaii Revised Statutes, (2) the project does not contravene safety standards or tariffs approved by the Public Utilities Commission for public utilities, and (3) the legislative body of the county in which the project is to be situate shall have approved the project.

Under existing law the Hawaii Housing Authority is empowered to develop non-conforming projects under Section 359G-4(b) (2) which provides that the Governor may direct the Authority to promulgate rules and regulations to so allow non-conforming projects which rules and regulations shall have the force and effect of law and shall supersede all other laws for all projects in which the Hawaii Housing Authority shall participate under Chapter 359G. Inasmuch as such rules

and regulations must have general application to all projects, it would be unwieldy and difficult to draft rules and regulations which can cover every non-conforming aspect of every project. Each project is likely to have a non-conforming need dictated by the topography, size, etc., of the particular project site or by the ordinances and rules peculiar to the county in which the project is situate.

Variations from statutes, ordinances and rules are often necessary to allow some experimentation in innovative housing development techniques. Moreover, strict adherence to technical requirements may foreclose the success of an otherwise sound housing project. The power set forth in this bill is essential to avoid delays and costs.

This bill allows non-conforming projects on a case by case basis. As the legislative body of the county in which the project is to be situate shall have the power to approve or disapprove any such project, the county is protected against the development of a project which it believes to be too drastic a deviation from the standards of development set for that county.

Your Committee on Lands is in accord with the intent and purpose of **S. B. No. 2013-72** and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee. Representatives Unemori, Yap, Ajifu, Medeiros and Saiki did not concur.

SCRep. 694-72 Housing and Consumer Protection on **S. B. No. 858**

The purpose of this bill is to prohibit various acts, practices, or conduct of a collection agency; to provide sanctions against a collection agency that disregards the prohibitions; and to require the Collection Agency Board to promulgate rules and regulations for enforcing the provisions of this bill.

This bill is substantially the same as the original Article 7 of the National Consumer Act now adopted, as amended, by Congress as Public Law 92-200. Thus State law will comply with federal law as to unfair and deceptive collection practices.

Your Committee on Housing and Consumer Protection is in accord with the intent and purpose of **S. B. No. 858, S. D. 2** and

recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Carroll and Fong.

SCRep. 695-72 Higher Education on **H. R. No. 284**

The purpose of this resolution is to request the University of Hawaii College of Engineering, in cooperation with the James K.K. Look Laboratory of Oceanographic Engineering to examine the coastline of Oahu for a suitable site for the construction of an artificial shoal that will be suitable for recreational purposes.

Your Committee finds that the James Look Laboratory of Oceanographic Engineering has produced a preliminary report, **Surf Parameters: A General Surf Site Concept**, funded by Act 175-70 and the 1971-73 operating budget of the College of Engineering. The report emphasizes that the work and conclusions contained therein are preliminary, hence are subject to further investigation and elaboration. Field observations did include selected surf sites on the south shore of Oahu. This model produced scale effects and limited observations.

Because of the short time available for the study of this model, a comprehensive program to test it was not conducted. Some noteworthy conclusions, however, were drawn. Theoretical and model observations were completed, but real scale experimentation remained to be attempted.

Upon consulting priorities recently submitted by the University items established by sorting out projects for which allocations have been made but not yet released by the State Administration—your Committee finds that \$40,000 appropriated by the 1971 Legislature (Act 210), are yet to be released. These funds are needed in order that the Surf Parameters study relating to an artificial shoal can be completed.

Your Committee therefore urges the University to place higher priority on the study. It recommends that the request by the Look Laboratory and the College of Engineering inherent in this resolution be made apparent to the State Administration. Only when this request for an actual site is made clear will the exact future of the study be determined.

Your Committee heard favorable testimony on this resolution by the present Director of the Look Laboratory, Jack O'Brien, and a junior researcher, James R. Walker, who wrote the preliminary study. Both were in accord with the views expressed in this resolution.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 284** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 696-72 Higher Education on **H. R. No. 362**

The purpose of this resolution is to request the University of Hawaii to conduct a comprehensive study of its financial aid program, including, but not limited to, out-right scholarships, grants, loans, and employment opportunities. This study would include an evaluation of the goals, effectiveness, and efficiency of all present programs. The resolution also requests that undergraduate and graduate student groups be consulted in the planning and conducting of the study.

Your Committee finds that the University of Hawaii Financial Aids program has greatly increased in size and scope during the past five to ten years. With the Higher Education Act of 1965, numerous kinds of work-study programs and programs for the needy, underprivileged, and economically disadvantaged in federal monies with matching State support funds have been provided. Your Committee notes that although many Hawaii students have benefitted widely from various kinds of programs - including State scholarships, loans, and employment opportunities on the campus - that there is at present little administrative coordination on the combinations of financial aid available to students.

For example, there exist few formal University-wide guidelines whereby types and combinations of financial aids may be determined and administered on a systematic, but individual basis. There are often problems when a community college student transfers from a two-year institution to the Manoa campus, and vice versa in mid-year. There are also federally funded programs aimed at accommodating the disadvantaged student which do not appear to be tailored to Hawaii's income level. In several cases, the national income level is lower than that for

which Hawaii's student population might qualify.

It is estimated that if these programs were systematically reviewed and recommendations made to their overall adequacy, that coordinated guidelines more appropriate to the University of Hawaii's needs might be made apparent. This is according to testimony by A.L. Ellingson, Dean of Students on Manoa.

Your Committee also notes that the last comprehensive study of financial aids at the University was done by the Legislative Reference Bureau in 1964. This two volumed study, **College and the Needy Student in Hawaii**, needs to be revised and updated, especially with the growth of the Manoa campus and the location of many campuses throughout the State.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 362** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 697-72 Higher Education on **H. R. No. 338**

The purpose of this resolution is to request the University of Hawaii to review its present ordering bookstore policy pursuant to textbook and as non-textbook items, both in hardback and paperback editions.

Your Committee finds that there exist great differences in paperback and hardcover editions of identical book titles as illustrated in displays presently at the University of Hawaii bookstore. Furthermore, professors have ordered books available in both forms in hardcover editions, thus increasing the cost of the book to the student.

According to Mr. Shoso Sueda, Tradebook Department Manager of the University Bookstore, there may exist a price differential of at least three dollars. For example, a book might be available as a textbook at \$13.00, and also sold as a general trade item for \$10.00, depending on prices set by the publishers.

Your Committee finds that one of the reasons for the price differential is the non-systematic way in which books are ordered. The positive, educational benefit of the present policy is that teachers have a wide range of

titles from which to choose, thereby freeing the individual classroom of excessive standardization. Curriculum plans as outlined for each course might thereby change as each semester passes.

If titles were fixed for all introductory courses, there might be "profit" from the student point of view, and book costs might be less expensive, but there are indications that the savings incurred might not equal the educational benefits accrued.

Presently, each bookstore in the University-wide system orders its own books; each is a retailer and distributor on its own. It is the contention of your Committee that study of some systematic, State-wide procedure for ordering is necessary, if, in fact, that procedure makes overall book prices more amenable to student needs.

Your Committee recognizes that annually, the State Legislature, is requested, as with registration, to study numerous problems at the University of Hawaii. We believe that student services, of which the bookstore is one, need to be reviewed periodically—especially with the beginning of the Campus Center and the development of newer campuses in the University system. Hence, the purpose and intention of this resolution, though seemingly ordinary, is addressed to rectifying what seems, again, a perennial problem

Your Committee heard this expressed through testimony presented by the Associated Students of the University of Hawaii. A response was presented by Vice President for Business Affairs William Parsons and Comptroller Keith Snyder. It was agreed that the State-wide as well as Manoa campus administration would cooperate with the intent and purpose of the study.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 338** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 698-72 Higher Education on **H. R. No. 379**

The purpose of this resolution is to request that representatives of the Manoa campus administration, Faculty Senate, and ASUH

formulate a program of earning academic credit for ASUH positions including, but not limited to, elected or appointed offices.

Your Committee notes, to begin with, that the Manoa administration has requested that the ASUH provide student representatives to serve on fifteen committees not including the many ad-hoc committees that are formed during the course of the year. Your Committee also understands that many of these students must utilize their regular classroom time in order to attend these meetings or make accommodations for them. Moreover, they are not given any kind of compensation for this effort.

Your Committee further notes that the Manoa Faculty Senate also recognizes the need for student input and has invited undergraduate students, through the ASUH, to represent the student viewpoint on many of its standing committees. Again students receive no due credit or compensation.

On the other hand, your Committee finds that according to a 1971 Faculty Workload Study conducted by Stuart M. Brown, Jr., Vice President for Academic Affairs, that Manoa faculty reported spending an average of 12 hours per week of a total average work-week of 58 hours in "Public Service". This 12 hours was further subdivided into 3 hours spent on U.H. committees; 2 hours in professional service e.g. service in local, national, and international professional associations, participation in meetings, conferences, or similar activities for professional growth; and 1 hour for community service or uncompensated professional service to business, government, and community groups. Faculty members on Manoa therefore are accorded recognition for time spent serving on committees.

Your Committee thus believes that if the faculty can claim that the time they spend on committees should be included in their workload and recognized as such, then equal recognition should be awarded to the students who also participate in a similar learning process. Since administrators and faculty are involved in the University as an occupation and are recognized for it by their pay; and students are involved as the learners in the institution and are recognized by credits or eventually by their income later in life, a program should be devised whereby students

can gain equal recognition for their efforts—be it by credits, stipends, or a combination of both.

Your Committee thus underscores the need for student input in determining the direction of the University of Hawaii, and that it be given due recompense through academic credit. We affirm the "Community Standards" section of the UH Manoa campus **Student Handbook** which clearly states: "Students, faculty, and administrators must contribute actively to the development of policies and program in order that the community may function effectively." Furthermore, the handbook goes on to state in a sub-section on "Rights" that all members of the University community have the right "to participate with equal status in the formulation of purposes and policies of an all-university nature."

It is our contention that the Associated Students of the University of Hawaii, the body recognized as the official representative of students, can provide genuine indications of the kind of behavior we have come to acknowledge as educational, thereby meriting academic credit.

Your Committee heard favorable testimony from ASUH representatives, students, and faculty members on the Manoa campus on this resolution.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 379** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 699-72 Higher Education on H. R. No. 378

The purpose of this resolution is to request that the University of Hawaii and the Department of Education work jointly to develop a systematic and coordinated program plan and budget for a governmental processes program, geared specifically to Hawaii State interests.

Your Committee finds that there exist several kinds of executive and legislative programs in which students and/or interns are involved. The University of Hawaii Center for Governmental Development, housed in the College of Continuing Education, for example, sponsors through federal funds State

Legislative and Executive Intern programs. The Department of Education in conjunction with certain legislative offices offers an annual Student Observer program, a week in which intermediate and high school students visit the State Capitol, attend committee hearings, and observe the legislative process in action. The Chamber of Commerce, with different intents and purposes, sponsors an intern program geared to business executives. Stipends are paid for all but the Student Observer program.

Your Committee believes that these programs provide the basis for generating newer ideas on how the legislative and executive processes - those of our State government - might be made a more vital part of our younger citizenry. With the recent enactment of Act 2, Session Laws of Hawaii, 1972, the lowering of the age of majority to 18 years, your Committee finds this more imperative.

The relevance of the governmental process might be made more meaningful - and might be recognized as an integral part of the educational process - if academic credit, stipends, or combinations thereof were furnished by the institutions undertaking to sponsor such programs. Such positions need not be restricted to the State executive and legislative functions. The judicial process might also provide such work-study programs, and with the anticipated opening of the three-year law school in 1973, consideration of this opportunity is not unrealistic.

Your Committee further finds that present programs might also be re-examined for newer ways in which they might be improved and made more exciting. With respect to the Student Observer program, for example, means might be provided so that participation extends beyond mere attendance at committee hearings. Students, if they were utilized on a systematic, long-range basis, might draft legislation, conduct research on issues, plan ways in which their offices might be more effective. They might be given released time to do so, and such is not impossible, given the present DOE elective system at the high school level, at least.

Your Committee also notes that the executive and legislative intern programs might be made more fluid, more flexible, and thereby a more interesting experience with the state government. Procedures might be manipulated whereby interns move with issues which are undertaken, rather than remaining

housed in a particular office. Moreover, after a certain "orientation" to an office and its functions, means might be insured so that their duties are kept varied, vital, and interesting. It is suggested that perhaps movement - even between Houses and branches of government - might be undertaken.

Your Committee hopes, therefore, that the intent and purposes of this resolution might be to consider and generate new ideas on how existing programs might be made more effective.

Your Committee notes that the resolution is directed to the University of Hawaii and Department of Education legislative liaison staffs. This is because, even if liaison staffs are not specialized curriculum planners, their contact with the process may afford valuable insight into the formulation of concrete plans and specific ideas.

This is not to say that other planners might not be involved in the process. There are scholars in the legislative process at the University; moreover, there are many planners in the State Department of Education whose primary function is to translate theoretical materials of historical, political, and social significance into educative form. Your Committee also realizes that academic planners are present at the University's campuses - and this is one of their primary functions. It is hoped, therefore, that there might be fruitful attempts to combine these efforts - and to thereby encourage further, more widespread learning about the legislative process.

Your Committee will provide no indication of the cost of studying such a program plan and budget at this time. It is anticipated that present liaison staffs and social science planners can meet, exchange ideas, and then proceed to work with existing systems and student observer intern programs. It is anticipated, therefore, that the study produced be of an exploratory or feasibility rather than recommendatory type.

Your Committee heard favorable testimony on the purposes and intent of this resolution by interns presently in the College of Continuing Education Program. The University of Hawaii and the Department of Education also presented favorable statements.

Your Committee on Higher Education concurs with the intent and purpose of **H. R.**

No. 378 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 700-72 Higher Education on H. R. No. 377

The purpose of this resolution is to request the University of Hawaii to study the possibility of using a systematic means of transporting people to, from, and between its campuses by the use of a systematic transportation plan. The resolution also requests that a written report be submitted to the Seventh Legislative Session, 1973.

Your Committee finds that among past studies the University has done with respect to pedestrian, parking, and transportation problems are the Austin, Smith Report on parking (1963), the Beck Report on parking and traffic (1966), and memos from Voorhees Associates (1971) on an automated people mover. It is the contention of your Committee that these studies are intended to solve immediate short-range needs - and further study is necessary of future transportation plans for the University's system of campuses.

There are present plans, according to Assistant Vice President W. B. Chapman, for moving people inter-campus on Oahu. A system is being considered between Manoa, the present Kapiolani and Honolulu community colleges, and the general area of Pearl City and Waipahu, where West Oahu College will eventually be located. These plans, however, are very tentative and further consideration is necessary.

Because of this, your Committee finds that further determinations need to be made - and at least planned for - now. There does exist a perennial problem on the Manoa campus of parking, pedestrian, and vehicular congestion. It is estimated that this flow of people, cars, and other means of transportation may seriously hamper the pursuit of educational goals, especially with the development of new Windward and East Honolulu community college campuses, an expanded medical school with centers in various community hospitals, the dual centers of the proposed law school, and West Oahu College.

Proposed planning seems imperative, espe-

cially when the target dates for these campus programs are between Fall, 1972, and Fall, 1975.

Your Committee also notes that physical planning for campuses today is marked by comprehensive, long-range goals based on broad educational principles. Among them is the idea that transportation about a campus ought not to restrict the efficiency of the educational process. Your Committee believes that such a situation is in the offing if serious consideration is not given to present and long-range transportation needs of Manoa in relation to other campuses.

Your Committee further finds that such long-range planning request is not unrealistic. There exist system-wide planning groups meeting on the Manoa campus this year, and their considerations of academic and physical plans ought to include those of moving people, cars, and traffic about.

Given the present status of Voorhees considerations, your Committee will provide no determinations of the cost of such a study. It is anticipated that present University planning offices, including those to which this resolution is directed, might provide estimates of the costs to be incurred.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 377** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 701-72 Housing and Consumer Protection on **H. R. No. 359**

The purpose of this Resolution is to request the Committee on Housing and Consumer Protection to investigate the mortgage markets in Hawaii and undertake a full scale investigation of the effect of tight money on mortgage policies, money market philosophy, trade practices, and consumer protection requirements.

Your Committee agrees that Hawaii is experiencing a serious housing crisis. The concerns expressed in the Resolution are appropriate subjects for review by the Legislature, but your Committee believes that a full scale investigation would be more feasible during the interim period. Accordingly, your Committee has amended the Resolution to request the Speaker to appoint an interim

committee to investigate the concerns expressed herein.

Your Committee on Housing and Consumer Protection concurs with the intent and purpose of **H. R. No. 359**, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as **H. R. No. 359, H. D. 1**.

Signed by all members of the Committee except Representative Carroll.

SCRep. 702-72 Judiciary of **S. B. No. 1472-72**

The purpose of this bill is to amend Section 651-65, Hawaii Revised Statutes, to increase the value of real property exempt from levy and sale on execution from an assessed value of \$2,750 to (1) \$20,000 for any head of a family or any person sixty-five years of age or older and (2) such property of a value not exceeding \$10,000 owned by any other person.

The provisions of the bill cover real property consisting of one piece of land not to exceed one acre, and the dwelling house and other buildings thereon, where the owner resides, increasing the value thereof, exempt from levy and sale on execution, from \$2,750 to \$20,000 and \$10,000. The values specified are to be determined solely by the assessed value for taxation purposes. The bill also provides that any claim of exemption under Section 651-65, Hawaii Revised Statutes, made before the effective date of this section by increasing the value of any property declared exempt to the value permitted by this section on the effective date, to the extent that such increase does not impair or defeat the right of any creditor to execute upon the property which existed before the effective date of this section.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1472-72** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 703-72 (Majority) Finance on **S. B. No. 1649-72**

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes in order to provide for the proper and effective

regulating of pest control, pest control operators and the use of fumigation and other means of pest control.

The bill creates a pest control board of seven members appointed by the governor. The bill specifies the conditions under which the members shall be selected and the qualifications of such appointees. The bill outlines the powers and duties of the board and places it within the department of regulatory agencies for administrative purposes.

Your Committee on Public Health, Youth and General Welfare, under **Stand. Com. Rep. No. 637-72**, amended this bill by adding thereto provisions for the following:

1. An executive secretary.
2. Place of meeting for Pest Control Board.
3. Licenses required.
4. Permitting investigations.
5. When no license issued.
6. Application and fees.
7. Form for licenses.
8. Place of business and posting of license.
9. Requirements for a group license.
10. Examination and operator's license.
11. Fees and annual renewal.
12. Revocation, suspension, and refusal of renewal of licenses.
13. Hearings.
14. Death or dissociation of a license.
15. Accusations against licensees.
16. Inspections, inspection reports, and field reports.
17. Document expressing opinion or making statement regarding presence of pests.
18. Fumigation under supervision.
19. Fumigation job log.

20. Pest Control.

21. Application of soil treatment pest control work

22. Insurance.

23. Exemptions.

24. Penalties.

To reiterate said Committee, these provisions were added "to enable the Pest Control Board to enforce regulations set forth under this Act. The specific provisions also prevent attack on constitutional grounds because of vagueness and ambiguity."

Your Committee has annexed hereto a copy of said **Stand. Com. Rep. No. 637-72**, and copies of Senate **Stand. Com Rep. Nos. 399-72** and **499-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1649-72, S. D. 1, H. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.—Representative Fong did not concur.

SCRep. 637-72 Health, Youth, Welfare on S. B. No. 1649-72, S. D. 1

The purpose of this bill is to provide for the proper and effective regulating of pest control, pest control operators and the use of fumigation and other means of pest control. The bill creates a pest control board appointed by the Governor, and enumerates the powers and duties of the board.

Your Committee amended this bill, adding provisions for the following:

1. An executive secretary.
2. Place of meeting for Pest Control Board.
3. Licenses required.
4. Permitting investigations.
5. When no license issued.
6. Application and fees.

7. Form for licenses
8. Place of business and posting of license.
9. Requirements for a group license.
10. Examination and operator's license.
11. Fees and annual renewal.
12. Revocation, suspension, and refusal of renewal of licenses.
13. Hearings.
14. Death or dissociation of a license.
15. Accusations against licensees.
16. Inspections, inspection reports, and field reports.
17. Document expressing opinion or making statement regarding presence of pests.
18. Fumigation under supervision.
19. Fumigation job log.
20. Pest Control.
21. Application of soil treatment pest control work.
22. Insurance.
23. Exemptions.
24. Penalties.

Your Committee added these provisions to enable the Pest Control Board to enforce regulations set forth under this Act. The specific provisions also prevent attack on constitutional grounds because of vagueness and ambiguity.

Your Committee on Public Health, Youth and General Welfare is in accord with the intent and purpose of **S. B. No. 1649-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1649-72, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 499-72 Ways and Means on **S. B. No. 1649-72, S. D. 1**

The purpose of the bill is to add a new chapter to the Hawaii Revised Statutes in order to provide for the proper and effective regulating of pest control, pest control operators and the use of fumigation and other means of pest control. The bill creates a pest control board of seven members appointed by the Governor. The bill specifies the conditions under which the members shall be selected and the qualifications of such appointees. The bill outlines the powers and duties of the board and provides for the authority and responsibility of the Department of Health within the scope of the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1649-72, S. D. 1**, and recommends its passage on third reading.

Signed by all members of the Committee.

SCRep. 399-72 Ecology on **S. B. No. 1649-72**

The purpose of the bill is to add a new chapter to the Hawaii Revised Statutes in order to provide for the proper and effective regulating of pest control, pest control operators and the use of fumigation and other means of pest control. The bill creates a pest control board of seven members appointed by the Governor. The bill specifies the conditions under which the members shall be selected and the qualifications of such appointees. The bill outlines the powers and duties of the board and provides for the authority and responsibility of the Department of Health within the scope of the bill.

Your Committee after due consideration has amended the bill as follows:

1. Deleted the wording in (3) in lines 8 through 13 on page 1 of the bill.
2. Deleted the wording in (4) in lines 14 through 17 on page 1 of the bill.
3. Renumbered (5), (6) and (7) on pages 2 and 3 of the bill to read (3), (4) and (5).
4. Deleted the word, "six" as it appears in line 12 on page 3 of the bill.
5. Inserted the word, "seven" in lieu of the above deletion.

6. Deleted the word, "Five" in line 14 on page 3 of the bill.

7. Inserted the word, "Four" in place of the above deletion.

8. Deleted the word, "one" in line 18 on page 3 of the bill and inserted the word, "three" in lieu thereof.

9. Deleted the word, "one" as it appears immediately after the words, "except the" in line 23 on page 3.

10. Inserted the word, "three" in lieu of the above deletion.

11. Deleted subparagraph (5) in lines 3 through 6 on page 6 in its entirety.

12. Deleted the wording in Sec. -4 in lines 7 through 23 on page 6 and lines 1 through 18 on page 7.

13. Inserted, in lieu of the above deletion the following:

Department of Health; Authority and Responsibility.

(a) The department of health shall prescribe rules and regulations over the activity of any individual, company, corporation, or association engaged in pest control; provided, it shall not apply to the activities of any such individual, company, corporation, or association which require a fumigant permit or license pursuant to chapter 450 or any other rule or regulation of the department of health.

(b) The department shall be the State agency charged with the responsibility for providing the information, program, coordination, and action necessary to comply with all the requirements of law and for all other purposes covered by these laws.

14. Deleted Sec. -5, -6, -7, -8, -9, -10, -11, -12, -13, -14, -15, -16, -17, -18, -19, -20, -21, -22, -23, -24, -25, -26, -27 in their entirety.

15. The wording in SECTION 2 is deleted in its entirety and replaced by the following, "This Act shall take effect upon its approval."

16. SECTIONS 3, 4 and 5 is deleted in their entirety.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S. B. No. 1649-72, as amended herein, and recommends its passage on second reading in the form attached hereto as S. B. No. 1649-72, S. D. 1 and its referral to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 704-72 Judiciary on S. B. No. 1177

The purpose of this bill is to impose a penalty involving the use, sale, or manufacturing of devices or equipment designed to fraudulently obtain telecommunication services.

At present there are available clandestine devices or equipment to circumvent the electronic billing equipment associated with the Direct Distance Dialing telephone service switching facilities. The integrity of DDD service is dependent upon preventing the use of such devices and equipment.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1177, S. D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 705-72 Judiciary on S. B. No. 2008-72

The purpose of this bill is to grant employees of community antennae television companies the same exemption from the provisions of the electricians and plumbers law granted to employees of other public employers.

Your Committee, after due consideration, disagrees with such exemption and has amended this bill (a) to provide a definition of "maintenance electrician" in Hawaii Revised Statutes Section 448E-1, (b) to permit persons who are currently licensed as maintenance electricians under an ordinance of any county of the State prior to January 1, 1972, to continue to practice their trade and qualify for renewal of their licenses, and (c) to "grandfather" persons holding a current and

valid electrician's or plumber's license under an ordinance of any county of the State prior to January 1, 1972.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. 2008-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. 2008-72, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 706-72 Judiciary on S. B. No. 802

The purpose of this bill is to repeal that portion of the law regarding an oath of loyalty and personal history statement required of every public officer and employee.

Your Committee finds that the Attorney General of this State has ruled that the loyalty oath requirement is unconstitutional. Your Committee also finds that over the last decade, the courts have steadily struck down any related loyalty statements as an unconstitutional abridgement of the First Amendment of the U. S. Constitution.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 802** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 707-72 Judiciary on S. B. No. 1547-72

The purpose of this bill is to remove the prohibition against political activity by any officers and employees appointed under the authority of the Director of Health.

Your Committee is of the opinion that there is no justification for denying employees of the Department of Health the right to participate in the democratic process of choosing their elective officials. There is nothing in the character of their work which would conflict with political activities.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1547-72, S. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 708-72 Judiciary on S. B. No. 1611-72

The purpose of this bill is to establish a fee of \$10.00 to be paid to the Hawaii Board of Nursing by a person who wishes to be examined in Hawaii for a nursing license which will be granted by the board of nursing of a sister state.

Proctoring services have traditionally been rendered to out-of-state candidates since the inception of the national examination but no fee has been charged by the State of Hawaii.

The Hawaii Board of Nursing testified that the proposed fee will help defray administrative costs since considerable time and effort are expended on behalf of the candidates by the Department of Regulatory Agencies prior to the examination.

They further testified that there is a direct cost factor to the Department of Regulatory Agencies because these examinations are administered on rented facilities and necessitate the use of additional space and equipment to accommodate this group.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1611-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 709-72 Judiciary on S. B. No. 1345-72

The purpose of this bill is to amend the Unemployment Compensation Law to permit the appointment of more than one full-time referee to hear unemployment appeals.

Section 383-98, Hawaii Revised Statutes, presently states that "the director of labor and industrial relations shall appoint a referee". It also provides for the appointment of substitute referees when required.

The number of unemployment compensation claims and appeals has been rapidly increasing and the referee has been unable to hear all of the appeals. Within the last year, for example, the number of claims has doubled and a concomitant increase in the number of appeals has occurred. The department

of labor and industrial relations in attempting to facilitate appeals has utilized the services of two substitute referees. This has not resulted in an expeditious processing of appeals as other commitments make it difficult for substitute, part-time referees to make themselves readily available. Under the circumstances, the department is of the opinion that the appointment of another full-time referee would be preferable to the use of substitutes. The Attorney General, however, has informed the department that the precise language of Section 383-98 does not permit the appointment of another full-time referee and the section should be amended before the department proceed with such appointment.

A survey of the appellate procedure for unemployment compensation conducted in 1971 by a Federal team strongly recommended the appointment of at least another full-time referee. It also found that this would be more economical than the use of substitute referees who are compensated at \$40.00 per day and the department concurs with this finding. There would be no expenditure of state funds necessitated by the proposed amendment to the Unemployment Compensation Law as referees are compensated from Federal Employment Security funds made available to the state.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1345-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 710-72 Judiciary on **S. B. No. 1433-72**

The purpose of this bill is to amend Section 378-2, Hawaii Revised Statutes, to make it an unlawful employment practice for an employer or labor organization to refuse to enter into an apprenticeship agreement because of the race, sex, age, religion, color, or ancestry of an apprentice, provided that the apprentice is at least 16 years old.

Part I of Chapter 378 prohibits discrimination in employment because of race, sex, age, religion, color, or ancestry and lists six practices that are specifically deemed unlawful. This bill proposed to add another unlawful practice to Section 378-2, discrimination in apprenticeship agreements.

The Federal Civil Rights Act makes it an unlawful employment practice to discriminate against an individual because of race, color, religion, sex, or national origin in admission to or employment in any apprenticeship or training program and most employers with apprenticeship programs in Hawaii are now subject to the federal law. The enactment of this proposal will, however, protect those who are not presently protected because their employers have fewer than 25 employees and are not subject to the federal law.

Your Committee agrees that any form of job discrimination based on race, sex, age, religion, color or ancestry is undesirable and should be discouraged.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1433-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all member of the Committee.

SCRep. 711-72 Judiciary on **S. B. No. 1411-72**

The purpose of this bill is to create in a wife a new cause of action for any injury sustained by her husband within the limits of the cause of action which the husband has had in the past for injury to his wife. Another purpose of this bill is to relieve the husband of liability for damages resulting from torts committed by his wife.

Existing law gives the cause of action only to the husband for injury to his wife in addition to making the husband liable in damage for torts committed by his wife.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1411-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 712-72 Judiciary on **S. B. No. 1343-72**

The purpose of this bill is to amend Part II of the Payment of Wages and Other Compensation Law by including a provision to hold an employer liable for expected wages lost by

an employee when terminated after giving his employer the required advance notice of termination.

Many employers require advance notice of termination from their employees to allow time to hire replacements to insure smooth operation of the business. Generally speaking, employers adhere to this policy and maintain their employees until the last day as specified in the notice. However, there are some employers, who, upon receiving the notice, immediately terminate such employees without compensation. The employee who in good faith notifies the employer and who expects to work until the intended termination date is cut off without pay and suffers because of the loss in expected wages.

Presently, the law is silent in regards to this unfair practice and the Department of Labor has not been able to assist these employees in collecting the expected wages.

This bill proposes to hold any employer who requires his employees to give advance notice of termination liable for wages up to the intended date of termination. The exception would be if the employee voluntarily terminates prior to the intended date of termination or is terminated for cause.

Your Committee supports the amendment specifically limiting the employer's liability in the event an employee gives an unreasonably long advance notice of termination such as half a year or one year in advance. The amendment section would hold the employer liable for wages only for the stated period in the advance notice beginning on the date of notification. This would then set an employer's maximum liability, depending on the length of the required advance notice set by the employer.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1343-72, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 713-72 Judiciary on **S. B. No. 1716-72**

The purpose of this bill is to amend Section 134-31, Hawaii Revised Statutes, to require any person desiring to engage in the business to sell and manufacture firearms for sale in

the State either at wholesale or retail, to annually file an application for a license therefor with the director of finance of each county of the State.

This bill will further provide that the annual license fee of \$10 shall be paid to the director of finance of the respective counties.

The current statute stipulates only that the annual fee for a license to sell and manufacture firearms for sale in the State either at wholesale or retail, shall be \$10. There is no mention as to whom the fee is to be paid or who is to issue the license. At the present time, the director of finance of the City and County of Honolulu is providing this services for residents on Oahu.

Under this bill, the director of finance of each county in the State will be designated to collect the annual fee and issue the permit.

Your Committee feels that the language of the amendment will sufficiently clarify the law so as to provide guidance to those who sell or manufacture firearms for sale.

Your Committee on Judiciary is in accord with the intent and purpose of the bill and recommends that **S. B. No. 1716-72** pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 714-72 Judiciary on **S. B. No. 1341-72**

The purpose of this bill is to amend Section 388-6, Hawaii Revised Statutes, by adding language to prohibit the collection of the costs of physical or medical examinations and medical reports required for employment purposes from employees or prospective employees.

Many employers customarily require medical or physical examinations as a condition of employment or continued employment. Periodic medical or physical examinations are also required by law of certain employees. Examples of employees in this foregoing category are heavy equipment operators of whom hearing, depth perception, eyesight, and cardiac examinations are required periodically by the General Safety Code.

While most employers assume the expenses of such examinations and reports, a few employers have required employees or prospective employees to pay for them. This bill proposes to make it unlawful for an employer to deduct such expenses from the wages of an employee or to collect said expenses from an employee or a prospective employee.

Your Committee agrees with the department of labor and industrial relations that expenses of medical or physical examinations and reports required by employers or by law should be borne by the employer. This is not an uncommon requirement as the director of labor and industrial relations has informed your Committee that twenty-eight states already compel employers to assume the responsibility of paying the expenses of mandatory physical or medical examinations and reports.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1341-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 715-72 Judiciary on **S. B. No. 1518-72**

The purpose of this bill is to consolidate the delayed birth registration of persons over one year of age (under the Hawaiian Birth Certificate Program) with the delayed birth registration of persons under one year of age following legislative transfer of the Hawaiian Birth Certificate Program from the Lieutenant Governor's Office to the Health Department on July 1, 1970 and to establish new provisions relating to judicial review and delayed registration of deaths, fetal deaths, marriages and divorces.

This bill will amend Section 338-15 and Sections 338-41 to 44 and establish new sections on judicial review procedure. Prior to July 1, 1970, one type of delayed birth registration (for persons under one year of age) was administered by the Research and Statistics Office of the Health Department under Section 338-15, Revised Hawaii Statutes. A second type of delayed birth registration (for persons over one year of age) was administered separately by the Lieutenant Governor under Section 338-41. On July 1, 1970, the Hawaiian Birth Certificate Program was

transferred by the Legislature to the Health Department so that all delayed birth registration would be centralized in a single department.

Your Committee heard testimony from the State Department of Health that, under the provisions of this bill, the two different types of delayed birth registration procedures mentioned above will be merged into a consolidated uniform delayed birth registration procedure and follows the Model Vital Statistics law recommended by the Vital Statistics Division of the National Center for Health Statistics and adopted by all of the other state vital statistics offices. A judicial procedure to establish facts of birth will be provided for persons failing to meet the standards of the delayed birth registration program. This will merely formalize the steps that such applicants would normally take even if this provision is not enacted. Provision will also be made for the delayed registration of deaths, fetal deaths, marriages and divorces when these events are not registered during the time prescribed by law or regulation. This provision merely formalized procedures carried out administratively at present.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1518-72**, **S. D. 2**, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 716-72 Judiciary on **S. B. No. 1344-72**

The purpose of this bill is to repeal the provisions of Chapter 388 which require an employer with 25 or more employees to pay any of his employees who serves on a jury or on a public board or commission the difference between the remuneration the employee receives for such services and the remuneration he would have received from the employer had he not served on a jury or public board or commission.

The statute in question was enacted to encourage greater participation in civic affairs on the part of wage earners by preventing economic loss through service on juries, boards, and commissions. The constitutionality of said statute, however, was challenged by an employer and the Hawaii Supreme Court ruled in October of 1970 that it was in fact unconstitutional. The court held that the

benevolent purpose sought therein could not be achieved by requiring an employer to make up the difference between what an employee received from the state for the public service and what he lost in wages because of such service and that the equal protection and due process clauses of the constitution were violated thereby. See: **Hasegawa V. Maui Pineapple Co.**, 52 Haw. 327. In the opinion of the court, the requirement was tantamount to the taking of property without just compensation.

Your Committee concurs with the director of labor and industrial relations that unconstitutional and unenforceable statutes should be repealed.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1344-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 717-72 Judiciary on **S. B. No. 1365-72**

The purposes of **S. B. No. 1365-72, S. D. 2** are as follows: (1) to extend the thirty-day deadline for filing dental applications to forty-five days; (2) to allow American citizens who are graduates of a dental college accredited by the Council of Dental Education of the American Dental Association to qualify for dental licensure; and (3) to increase the application fee from \$40 to \$50.

The present thirty-day deadline for filing dental applications does not allow the Board of Dental Examiners and staff sufficient time to complete the pre-examination arrangements. The rising costs of doing business have made it necessary to charge an application fee of \$50. Section 92-28, H. R. S., relating to the increase or decrease of State service fees, provides that with the approval of the Governor, service fees can be charged by an amount not to exceed 50 percent of the statutorily assessed fee. In this instance, amendment of the amount from \$40 to \$50 brings it into conformity with the currently prevailing fee.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1365-72, S. D. 2** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 718-72 Judiciary on **S. B. No. 1342-72**

The purpose of this bill is to amend the definition of the term "wages" as it is used in Chapter 388.

Chapter 388 governs the payment of wages and other compensation to employees. The policy of said chapter is to assure the prompt and regular payment of wages and to prohibit the unreasonable withholding of compensation earned by employees. Section 388-6 expressly prohibits the following deductions from the "wages" of an employee:

"(1) Fines;

(2) Cash shortage in a common money till, cash box, or register used by two or more persons;

(3) Breakage;

(4) Losses due to acceptance by an employee of checks which are subsequently dishonored if employee is given discretion to accept or reject any check; or

(5) Losses due to defective or faulty workmanship, lost or stolen property, damage to property, default of customer credit, or nonpayment for goods or services received by customer if such losses are not attributable to employee's wilful or intentional disregard of employer's interest."

This intent to protect employees from having deductions for the foregoing purposes made from their earnings is being circumvented in some cases because Section 388-1 presently defines "wages" as not including "tips or gratuities of any kind". Employers have managed to defeat the purpose of the law in some instances by making the prohibited deductions from tips earned by employees rather than from actual "wages". The department of labor and industrial relations has therefore proposed that this "loop-hole" be closed by re-defining "wages" to include "tips and gratuities of any kind" for the limited purposes of Section 388-6.

Your Committee agrees with the director

of labor and industrial relations that “tips” should be protected from unwarranted deductions.

Your Committee is in accord with the intent and purpose of **S. B. No. 1342-72, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 719-72 Judiciary on **S. B. No. 1593-72**

The purpose of this bill is to repeal Section 437-28 (b) (22) (e) of the Hawaii Revised Statutes. Said section subjects the license of a manufacturer, factory branch, factory representative, distributor, distributor branch or distributor representative, to possible suspension, revocation, or denial of issuance or renewal, if any such person or firm sells or distributes any new motor vehicle to a person at a lower actual price than the actual price charged to a dealer for the same model vehicle similarly equipped. Violations are punishable also by a fine of not less than \$50 nor more than \$500.

Testimony received at a hearing on this bill indicate that one of the effects of this section is to prohibit manufacturers from selling new motor vehicles at “fleet” prices. The automobile industry heretofore offered to bulk purchasers a “fleet allowance” or a “guaranteed repurchase arrangement”. These allowances and arrangements permitted bulk purchasers to rotate their fleets more frequently. The lower cost of acquisition and the lower maintenance costs on newer vehicles permit rental prices to the public to be kept at a minimum. The bulk purchasers were able to introduce newer, safer, and more efficient vehicles to the public.

Under a “fleet allowance” program, a manufacturer normally rebates a certain amount of cash to the bulk purchaser who has negotiated and purchased a vehicle from a local dealer. Where the cash rebate is larger than the amount above cost negotiated by the dealer, there would be a violation of the section as it stands.

The rental and leasing industry is a major one, catering to the needs of large numbers of users, and meets the needs of tourist and business travelers for short term transportation.

Since fleet purchases are made through dealers, the local dealers are not hurt. On the other hand, prohibition of fleet allowances and arrangements effectively prevent state and local governments from enjoying lower bulk prices.

The section as it reads prevents the citizens of Hawaii and visitors from having the benefit of competition and lower prices for rental cars. Repeal of the section will benefit the various fleet purchasers, including the state and counties, and will do no harm to our dealers.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1593-72**, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 720-72 Finance on **S. B. No. 1819-72**

The purpose of this bill is to provide for the establishment of an annual conference of college and university student leaders, which will enable student leaders in Hawaii’s public and private colleges and universities to identify, discuss and arrive at recommended solutions to major youth problems, with the emphasis being on school related problems which require the joint attention and action by the students, the public and private college and university system in Hawaii, and the Hawaii State Legislature.

Your Committee is in accord with the intent and purpose of this bill and supports the efforts which are being made to provide our students attending Hawaii’s public and private institutions of higher education the opportunity to come together once a year, in a student leader conference to discuss and recommend solutions to those issues and problems which are common to all students throughout the various institutions of higher education in Hawaii.

Your Committee has annexed hereto copies of Senate **Stand. Com. Rep. Nos. 360-72** and **514-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1819-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 514-72 Ways and Means on **S. B. No. 1819-72, S. D. 1**

The purpose of this bill is to provide for the establishment of an annual conference of college and university student leaders, which will enable student leaders in Hawaii's public and private colleges and universities to identify, discuss and arrive at recommended solutions to major youth problems, with the emphasis being on school related problems which require the joint attention and action by the students, the public and private college and university system in Hawaii, and the Hawaii State Legislature.

Your Committee is in accord with the intent and purpose of this bill and supports the efforts which are being made to provide our students attending Hawaii's public and private institutions of higher education the opportunity to come together once a year, in a student leader conference to discuss and recommend solutions to those issues and problems which are common to all students throughout the various institutions of higher education in Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1819-72, S. D. 1** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 360-72 Education on **S. B. No. 1819-72**

The purpose of this bill is to provide for the establishment of an annual conference of college and university student leaders, which will enable student leaders in Hawaii's public and private colleges and universities to identify, discuss and arrive at recommended solutions to major youth problems, with the emphasis being on school related problems which require the joint attention and action by the students, the public and private college and university system in Hawaii, and the Hawaii State Legislature.

Your Committee is in accord with the intent and purpose of this bill and supports the efforts which are being made to provide our students attending Hawaii's public and private institutions of Higher Education the opportunity to come together once a year, in a student leader conference to discuss and

recommend solutions to those issues and problems which are common to all students throughout the various institutions of Higher Education in Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of **S. B. No. 1819-72** as amended herein, and recommends passage of **S. B. No. 1819-72, S. D. 1**, on second reading and its referral to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 721-72 Judiciary on **S. B. No. 46**

The purpose of this bill is to bring the Hawaii Food, Drug and Cosmetic Act into conformity with the federal law, especially in regard to those provisions dealing with fair packaging and labeling.

This bill strengthens the Department of Health's authority and responsibility in the quantitative and qualitative aspects of packaging and labeling of consumer commodities such as foods, off-the-shelf drugs and cosmetics. Furthermore, this bill would improve the efficiency in the administration of our food and drug law through the use of uniform opinions and interpretations relative to the federal law.

Your Committee amended Section 17 of this bill to provide that this Act shall take effect on July 1, 1972.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 46, S. D. 2**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 46, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

SCRep. 722-72 Finance on **S. B. No. 1862-72**

The purpose of this bill is to amend various provisions of the Workmen's Compensation Law (Chapter 386, Hawaii Revised Statutes) relating to the special fund in order to insure its solvency; and, by floor amendment in the Senate, prescribing alternate methods by which the director of labor shall determine charges for medical and hospital services.

As to the special compensation fund, the bill, as introduced, because of the serious financial condition thereof, proposed taking the following steps:

1. Remove the present individual employer maximum aggregate liability for income and indemnity benefits of \$35,100 for a single industrial accident as provided for in Secs. 386-31 and 386-32.

2. For the calendar year 1972 only, require insurance carriers to pay a special assessment (surcharge) of 3/4 of 1% on gross workmen's compensation insurance premiums written by carriers in the calendar year 1971.

3. For the calendar year 1972 only, require employers not insured under Sec. 386-121 (a) to pay a special assessment (surcharge) equal to the special charge as defined and in accordance with the provisions of Sec. 386-154.

The assessments would be due and payable within 30 days from receipt of notification by the department of regulatory agencies.

By amendment of the bill (as **S. D. 1**) the Senate reinstated the maximum aggregate liability feature, the Committee on Human Resources, in **Stand. Com. Rep. No. 383-72**, stating:

"Your Committee has amended the bill to retain the \$35,100 maximum benefit chargeable to the employer for permanent partial disability injuries. Your Committee feels that lifting of the ceiling of \$35,100 maximum benefit chargeable to the employer would have a substantial adverse affect on the cost of Workmen's Compensation. Your Committee recommends that the Director of the Department of Labor and Industrial Relations make a thorough study of the Special Compensation Fund and submit the findings to the legislature."

In this your Committee concurs. In Senate **Stand. Com. Rep. No. 383-72**, aforesaid, it is also stated:

"Your Committee has amended the bill by amending Part (a) of Section 5 by deleting the words 'three-quarters of one' and substituting the words 'one and one-quarter.' Your Committee finds that the present levy of three-quarters of one per cent on gross premiums on workmen's compensation insurance issued does not provide the necessary revenues to pay qua-

lified beneficiaries. Whereas, pay-outs have been increasing at a rate of 48%, receipts have been increasing at a rate of only 16.3%. It is estimated that the regular assessment of three-quarter of one per cent and the recommended one and one-quarter per cent surcharge for calendar year 1972 only is estimated to be about \$639,381, estimated payout for calendar year 1972 is \$549,697, thus a remaining balance of \$89,000 at the end of the year would carry the Fund through February and March of next year."

In this, however, your Committee, concurring with retention of the maximum aggregate liability feature, does not concur. Therefore, we have restored the special assessment rate to three-quarters of one per cent in new Sec. 384-154.5 under section 6 of the bill, as amended, and otherwise amending the provisions as to style.

Furthermore, because your Committee has not had the opportunity to hear and consider appropriate testimonies relating to the Senate floor amendment prescribing alternate methods by which the director of labor shall determine charges for medical and hospital services under Sec. 386-21 (as **S. D. 2**), we have deleted in its entirety section 1 of the bill, as further amended, and renumbered all subsequent sections accordingly.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1862-72, S. D. 2**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 1862-72, S. D. 2, H. D. 1**.

Signed by all members of the Committee except Representatives Young, Yim, Fong, Chong and Oda.

SCRep. 723-72 Finance on S. B. No. 53

The purpose of this bill is to establish a state commission, consisting of the heads of state departments most directly responsible for environmental health protection, to determine on an annual basis the number and size of transportation units operating on the ground or over the ground in any island of the State that are consistent with environmental health protection. The bill proposes that such determinations will be reported to the legislature and that, on that basis, the legislature will submit to the governor legislation limiting the number and size of such

transportation units within the several islands for the ensuing fiscal year.

Your Committee recommends that the bill be amended in two respects:

1. Amend the composition of the interdepartmental transportation control commission to include the directors of environmental quality control, health, transportation, and planning and economic development since these offices have the most direct responsibility in the matter of environmental health protection and have access to the necessary information, data, and expertise in the matter.

2. Require the interdepartmental transportation control commission to consult the department of traffic and other appropriate departments of the respective counties in making determinations as to islands within the county, in order to assure that proper attention is paid to local situations and conditions and that all relevant information is taken into account in making the determinations.

Your Committee is in accord with the intent and purpose of **S. B. No. 53, S. D. 1**, as amended herein, and recommends that it pass second reading and be placed on the calendar for third reading in the form attached hereto as **S. B. No. 53, S. D. 1, H. D. 1**.

Signed by all members of the Committee except Representative Yim.

SCRep. 724-72 (Majority) Judiciary on S. B. No. 1822-72

The purpose of this bill is to amend Section 408-15, Hawaii Revised Statutes, to permit industrial loan companies to charge loan fees or "points" on real estate loans. Under the Bill, any such loan fees charged would be included in computing the finance charge and, thus, the total interest or finance charge could not exceed the ceiling presently established by law.

Your Committee finds that such loan fees, or "points" are commonly charged by other types of financial institutions in connection with real estate loans, and believes that permitting industrial loan companies to charge such fees will stimulate competition between lenders and increase the availability of loan funds for real estate purposes. However, it is

felt that there is less justification for the provision of the bill which would allow industrial loan companies to charge loan fees on commercial loans since such fees are not typically required by other lenders making commercial loans.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1822-72, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representative Lee did not concur.

SCRep. 725-72 Judiciary on S. B. No. 1749-72

The purpose of this bill is to amend the requirement that all ordinary "home" loans made by the savings and loan associations cannot exceed \$50,000. The present law states that the total amount that may be loaned by an association on any home property, in ordinary loans, shall not exceed \$50,000.

This bill will increase the amount to \$75,000 that may be loaned by an association on any home property. Your Committee is well aware of the rising prices of homes in the State of Hawaii, and feels that there is good purpose in raising the maximum to \$75,000 on ordinary home loans. Your Committee feels that by raising the maximum amount that a savings and loan association can lend on ordinary home loans more potential home owners will have an easier time in securing home loans.

Your Committee amended this bill to remove \$75,000 ceiling for loans made by savings and loan associations on residential property. A large percentage of homes in the present market are in the price range of \$75,000 to \$100,000 and more. The routine 80 percent loan-to-value mortgage on these homes may require loans in excess of \$75,000.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1749-72, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1749-72, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 726-72 Finance on S. B. No. 576

The purpose of this bill is to extend certain exemptions from real property and general excise taxes as to housing projects owned and operated by a "limited distribution mortgagor" qualified under the National Housing Act, and regulated by federal or State laws or by a political subdivision of the State or agency thereof, as to rent, charge, profit, dividend, development cost, and method of operation.

A limited distribution mortgagor is one who obtains mortgage insurance under sections 202, 221(d) (3) or 236 of the National Housing Act as a so-called "limited dividend corporation", being an entity which has filed with the FHA a copy of its charter limiting its return to 6 per cent on capital equity.

Under the bill, as amended, section 1 amends Sec. 231-23(a) by adding limited distribution mortgagor to whom there shall be refunded real property taxes paid following the effective date of the exemption as determined by the director of taxation. Section 2 amends Sec. 237-29 as to general excise taxes, under subsection (b) of which gross proceeds received by the contractor or subcontractor for construction of such a housing project are exempt, and under subsection (c) of which gross proceeds received from a tenant or lessee as rent for a residential unit therein are exempt. Section 3 of the bill amends Sec. 246-39 to exempt real property used for such a housing project from real property tax. Section 4, which amends Sec. 246-39.1, relates to procedures for claiming exemption.

Your Committee hereby takes legislative notice that there exists in the State of Hawaii a critical shortage of housing units for low (and moderate) income families. Various studies have indicated the need for from 40,000 to 50,000 units at the present time. These studies show that the forces of population increase and obsolescence will combine to create a need for over 250,000 units by 1985. Since 1961, the economy has been producing an average of less than 10,000 units annually.

In order to meet the needs of these low (and moderate) income families we must look to the assistance of various federal programs under the National Housing Act, and also under Chapter 359G, Hawaii Revised Statutes (Act 105, Session Laws of Hawaii 1970),

as amended, pursuant to which there is also a legislative expression that the hereinabove stated "critical shortage" exists.

Nonprofit and limited distribution mortgagors are attempting to alleviate this situation by developing housing projects for low (and moderate) income families. The success of such projects is greatly dependent upon government assistance such as mortgage insurance provisions under sections 202, 221(d) (3), and 236 of the National Housing Act, and also exemption from State real property and general excise taxes provided for by this bill.

As a condition to obtaining mortgage insurance under sections 202, 221(d) (3), and 236 of the National Housing Act, a limited distribution mortgagor agrees with the Federal Housing Commissioner to restrict or limit the distributional profits or return by a fixed percentage of the mortgagor's equity capital or amount of mortgage. Said profits or returns are not related to the amount of rentals received by such limited distribution mortgagor. Therefore, the imposition of real property and general excise taxes upon a housing project, the mortgage of which is insured under said sections 202, 221(d) (3), and 236 will result in higher rental charges to the tenants thereof without in any manner affecting the mortgagor's profits or return. The granting of the tax exemptions contained in this bill will not result in increasing the profits or return of a limited distribution mortgagor, such profits having been determined by the Federal Housing Commissioner according to the applicable provisions of the National Housing Act independent of such exemptions.

The difference in tax treatment between nonprofit and limited distribution mortgagors has resulted in discouraging limited distribution mortgagors from developing and maintaining multi-family projects for families of low and moderate income. Studies have shown that it is economically not feasible for a limited distribution mortgagor to provide housing without the assistance from the State in the form of tax exemption. There is a significant difference in the rental structure between projects developed by a nonprofit mortgagor and projects developed by a limited distribution mortgagor, and the primary reason therefor is the enjoyment of real property and general excise tax exemption by the nonprofit mortgagor. The imposition of such taxes upon a limited distribution mort-

gagor only serves to increase the mortgage amount of mortgages insured under said sections 202, 221(d) (3) and 236. Besides, your Committee is informed that there is stern competition among the various FHA district offices throughout the United States to obtain allocations for such mortgages. The tax exemption will allow more housing units to be built within the FHA mortgage allocations.

Based upon the statements of the FHA Director of Hawaii, your Committee on Housing and Consumer Protection, reporting in **Stand. Com. Rep. No. 922** (of last year) has found as follows:

“1. The profits of a limited distribution mortgagor are pre-determined and strictly limited by law.

“2. The expenses and profits of a limited distribution mortgagor are strictly regulated and controlled by the FHA.

“3. The real property tax exemption granted by **S. B. No. 576, S. D. 1**, will not result in an increase of profit for the limited distribution mortgagor.

“4. There have been several low and moderate income housing projects which have failed to receive the approval of the FHA due to the fact that the necessary rental rates to make the projects economically feasible were over the permissible rates. If these projects had had the benefits of real property taxation exemption in the determination of the rental rates, these projects probably would have come into being.

“5. The low to moderate income tenants occupying these housing projects will benefit as their rent would be higher without the real property tax exemption granted by this bill.

“6. There will be more new housing projects for low and moderate income families as a result of the real property taxation exemption granted by **S. B. No. 576, S. D. 1.**”

The real property tax exemption granted by this bill will be available only during the period the housing project is mortgaged pursuant to the aforesaid provisions of federal law and under the control and regulation of the applicable federal, State or county government agency.

As amended herein, it is the intent of this bill to benefit the **low** income consumers of this State, only. As to consumers in such classification, the operative effect of this bill is to pass on the tax savings either in the form of lower rents or by delaying the increase of rent due to spiraling operational costs. Also the passage of this bill should encourage the development of more rental housing units for this income group.

Your Committee has amended this bill by deleting throughout the captions of the various sections amended hereby **and the title** hereof the phrase “and moderate-” from between the words “low” and “income”, relating to the classification of housing to which the exemptions which as the subject matter hereof apply.

This recommendation is consonant with our handling of **H. B. No. 1222, H. D. 1**, (also of last year) which was enacted as Act 192, Session Laws of Hawaii, 1971.

Thereby, your Committee amended certain sections of Acts 194, 287, 239 and 150, Session Laws of Hawaii 1961, 1967, 1969 and 1970, respectively. Each of these statutes refers to and includes, at various places throughout, housing for persons of “low”, “moderate” and “middle” income. The constitutionality of continued bond issuance, revenue appropriation and land condemnation therefor was questioned based upon doubt of the validity thereof by the State’s bond counsel in New York and the State attorney general.

The question raised was: Can the State expend public funds for housing for persons of all such income levels as a valid “public purpose” pursuant to the provisions of Section 2, Article VI, of the State Constitution, since Section 4, Article VIII reads:

“The State shall have power to provide for, or **assist in**, slum clearance and the development or rehabilitation of substandard areas, including **housing for persons of low income.**” (Emphasis added).

This question, we pointed out, is not peculiar to Hawaii. There has been a recent series of test cases in at least three other states. Although these decisions upheld the constitutionality of similar legislation, your Committee expressed a belief that it was advisable to forego submission of this matter to the process of judicial determination when enact-

ment of that bill, as amended, achieves the desired result. In turn, as necessary, we indicated that “the definition of persons of ‘low income’ could be adjusted to include the target groups intended to be covered by the Acts affected.”

Similarly, we are not now so sure that assistance in the form of the tax relief proposed by this bill may not be vulnerable to constitutional attack for the same reasons. However, similarly, it is our conviction that the definition of persons of “low income” can be adjusted to include the target groups covered by the statutes hereby affected.

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 327** hereupon, the contents of which, to the extent not inconsistent herewith, are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 576, S. D. 1, H. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee except Representatives Fong, Chong and Oda.

SCRep. 327-72 Human Resources on S. B. No. 576

The purpose of this bill is to grant a tax relief for a limited period of time to a mortgagor who qualifies and obtains mortgage insurance under sections 202, 221(d) (3), or 236 of the National Housing Act as a limited distribution mortgagor of a housing project regulated by federal or State laws or by a political subdivision of the State or agency thereof, as to rent, charge, profit, dividend, development cost, and method of operation.

The State administration testified in favor of this bill.

Under Chapter 359G, Hawaii Revised Statutes, as amended (Act 105, Session Laws of Hawaii 1970), the Legislature of the State of Hawaii determined that there exists in the State of Hawaii a critical shortage of housing units for low and moderate income families. Various studies have indicated the need for from 40,000 to 50,000 units at the present time. These studies show that the forces of population increase and obsolescence will combine to create a need for over 250,000 units by 1985. Since 1961, the economy has

been producing an average less than 10,000 units annually.

Families in the housing “gap group”, who earn too much for public housing (\$6,000 to \$15,000) but not enough to qualify for a conventional mortgage, are having a very difficult time finding decent housing in this State. In order to meet the needs of these low and moderate income families we must look to the various federal programs under the National Housing Act and also under Chapter 359G.

Nonprofit and limited distribution mortgagors are attempting to alleviate this situation by developing housing projects for the low and moderate income families. The success of such projects is greatly dependent upon government assistance such as mortgage insurance under sections 202, 221(d) (3), and 236 of the National Housing Act and also exemption from State real property and general excise taxes.

As a condition to obtaining mortgage insurance under sections 202, 221(d) (3), and 236 of the National Housing Act, a limited distribution mortgagor agrees with the Federal Housing Commissioner to restrict or limit the distributional profits or return by a fixed percentage of the mortgagor’s equity capital or amount of mortgage. Said profits or returns are not related to the amount of rentals received by such limited distribution mortgagor. Therefore, the imposition of real property and general excise taxes upon a housing project, the mortgage of which is insured under said sections 202, 221(d) (3), and 236 will result in higher rental charges to the tenants thereof without in any manner affecting the mortgagor’s profits or return. The granting of the tax exemptions contained in this bill will not result in increasing the profits or return of a limited distribution mortgagor, such profits having been determined by the Federal Housing Commissioner according to the applicable provisions of the National Housing Act independent of such exemptions.

The difference in tax treatment between nonprofit and limited distribution mortgagors has resulted in discouraging limited distribution mortgagors from developing and maintaining multi-family projects for families of low and moderate income. Studies have shown that it is economically not feasible for a limited distribution mortgagor to provide housing without the assistance from

the State in the form of tax exemption. There is a significant difference in the rental structure between projects developed by a non-profit mortgagor and projects developed by a limited distribution mortgagor, and the primary reason therefor is the enjoyment of real property and general excise tax exemption by the nonprofit mortgagor. The imposition of such taxes upon a limited distribution mortgagor only serves to increase the mortgage amount of mortgages insured under said sections 202, 221(d) (3), and 236. Besides there is fierce competition among the various FHA district offices throughout the United States to obtain allocations for such mortgages. The tax exemption will allow more housing units to be built within the FHA mortgage allocations.

Your Committee upon consideration of this bill recommends that it be amended by extending the tax exemption to a housing project which is owned and operated by a person, corporation or association regulated by federal or State laws or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation. Thus, a person who provides housing under Chapter 359G, Hawaii Revised Statutes, will be extended the same tax exemption privileges as a nonprofit or limited distribution mortgagor.

Therefore, under section 2 of the bill, Section 237-29(b), Hawaii Revised Statutes, shall be amended to read as follows:

“All of the gross proceeds received by a contractor or subcontractor for the construction in the State of a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or which is owned and operated by a person, corporation or association regulated by federal or State laws or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation, shall be exempt from general excise taxes.”

Also under section 3 of this bill, Section 246-39(b), Hawaii Revised Statutes, shall be amended to read as follows:

“Real property used for a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or which is owned and operated by a person, corporation or association regu-

lated by federal or State Laws or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation, shall be exempt from property taxes.”

Your Committee on Human Resources is in accord with the intent and purpose of **S. B. No. 576**, as amended herein, and recommends its passage on second reading in the form attached hereto as **S. B. No. 576, S. D. 1** and its referral to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 727-72 Judiciary on **H. B. No. 2039-72**

The purpose of this bill is to adopt the Uniform Consumer Credit Code. The general purposes and policies of the Code are set forth as:

(a) To simplify, clarify and modernize the law governing installment sales, consumer credit, small loans and usury;

(b) To provide rate ceiling to assure an adequate supply of credit to consumers;

(c) To further consumer understanding of the terms of credit transactions and to foster competition among suppliers of consumer credit so that consumers may obtain credit at reasonable costs;

(d) To protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit, having due regard for the interests of legitimate and scrupulous creditors;

(e) To permit and encourage the development of fair and economically sound consumer credit practices;

(f) To conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act; and

(g) To make uniform the law, including administrative rules among the various jurisdictions.

The Uniform Consumer Credit Code was promulgated by the National Conference of Commissioners on Uniform State Laws and approved by the House of Delegates of the

American Bar Association in 1968. The Code has been enacted in six States—Colorado, Idaho, Indiana, Oklahoma, Utah, and Wyoming—and is under study in the majority of the remaining states by bodies such as your Committee.

The Code is proposed as a comprehensive treatment of most aspects of consumer credit, both consumer credit sales and consumer loans as well as consumer leases. Business transactions are not within the scope of the Code under the reasoning that businesses are generally in a satisfactory bargaining position in relation to grantors of credit whereas consumers stand in special need of legislation to protect their interests. The Code distinguishes consumer transactions and business transactions primarily on the basis of the debtor involved. If the debtor is a natural person, in most cases the Code applies. If the debtor is an organization, generally the Code does not apply. Since a certain amount of business is done and debt is incurred by natural persons as sole proprietors, a further purpose test in defining a consumer transaction is provided—the sale, loan, or lease must be for personal, family, or household purposes. Other limitations on the Code's coverage are that it applies only where credit is granted by a seller or lender regularly engaged in credit transactions of the same kind; it applies only if the debt is payable in installments or a credit service charge or a finance charge is made; and except in cases involving an interest in land, it applies only if the amount involved does not exceed \$25,000.

Your Committee made two changes to this bill. Section 1.203(2) was deleted entirely and a sentence to the effect that publication of notices and process as provided for in Section 601-13, Hawaii Revised Statutes, was necessary was added to Section 1.203(1). The other change was to decrease from 36 per cent to 30 per cent per year the credit service charge rate found in Section 2.201(2) (a) (i).

The requirement of publication of notices and process as provided for in Section 601-13, Hawaii Revised Statutes, is extremely important as an adjunct to insuring the right of every person to due process under our laws.

The reduction of the maximum credit service charge rate from 36 percent to 30 percent per year on unpaid balances of \$300 or less was a response to the experience of the state of Oklahoma in this area. A similar reduction was effected in Oklahoma upon

adoption of the Uniform Consumer Credit Code in 1969 with no adverse results.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2039-72**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2039-72, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Wedemeyer.

SCRep. 728-72 Judiciary on **S. B. No. 1805-72**

The purpose of this bill is to curtail organized criminal activity in Hawaii.

This bill sets forth penalties for non-compliance with the income tax law and the general excise tax law found in the Hawaii Revised Statutes and authorizes the chiefs of police of the various counties with powers of inspection of tax records upon a showing of probable cause and an order of the court. Because criminal activity should be proscribed in a comprehensive manner and investigatory powers of the State and county should be far greater than investigating tax violations, your Committee amended this bill as follows:

Your Committee amended this bill to authorize the attorney general to bring action to revoke the charter of corporations which are controlled by persons engaged in organized crime. This bill, as amended, also authorizes civil actions to revoke the permits of foreign corporations to do business and to enjoin unincorporated businesses from engaging in unlawful practices and other actions.

The text of the bill comes from 1971 Suggested State Legislation, Council of State Governments, Volume XXX, page 77 which itself is modeled after provisions of the Florida Penal Code, Florida Statutes, sections 932.58-932.60. Similar provisions have been enacted by Congress, Title 18, United States Code, sections 1961-1968.

Your Committee has further amended this bill by incorporating applicable provisions of federal law relating to racketeer influenced and corrupt organizations to be found in Chapter 96 of the United States Code Annotated. Those provisions directed particularly at individuals, prohibit racketeering

activities, and provide criminal penalties, civil remedies, provisions on evidence and civil investigative demand.

Your Committee has also amended this bill to leave no doubt of the clarity of our proposed statutes, that the affirmative defense of being a player in a social gambling game is not available to a person engaged in organized crime or racketeering activity.

Your Committee is in accord with the intent and purpose of **S. B. No. 1805-72, S. D. 1, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 1805-72, S. D. 1, H. D. 2**.

Signed by all members of the Committee.

SCRep. 729-72 Finance on S. B. No. 95

The purpose of this bill is to amend existing law relating to compensation paid to prisoners employed in correctional industries established pursuant to Section 354-2, Hawaii Revised Statutes.

Existing statute provides that inmates shall be paid daily wages of not more than \$5.00 nor less than \$2.00. The bill provides that hourly wages shall be based on the income derived from the correctional industries. The proposed amendment is consistent with other provisions of Chapter 354, Hawaii Revised Statutes, which stipulate that the correctional industries shall be self-sustaining and that wages and other expenses shall be paid out of income generated.

The bill is endorsed by the Department of Social Services, Hawaii Correctional Association, Hawaii Council of Churches and John Howard Association of Hawaii.

We have amended the bill by changing the effective date from 1971 to 1972.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 95** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 95, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 730-72 Finance on S. B. No. 96

The purpose of this bill is to amend existing law relating to compensation of prisoners employed in state facilities. Under existing law such prisoners are paid graduate sums of money not exceeding \$5 and not less than \$2 per day as established by rule. The bill deletes the minimum and maximum dollar limits. By eliminating the dollar limitations, the department can within limits of operational budgets and relevant correctional programs determine the most equitable performance. The bill is sponsored by the department and supported by the Hawaii Correctional Association, Hawaii Council of Churches and John Howard Association of Hawaii.

We have amended the bill to change the effective date from 1971 to 1972.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 96** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 96, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 731-72 Legislative Management

Informing the House that **House Resolution Nos. 381 to 392, House Concurrent Resolution No. 56, Standing Committee Report Nos. 678-72, Senate Bill No. 1382-72, Senate Draft No. 1, House Draft No. 2, Senate Bill No. 1729-72, Senate Draft No. 1, House Draft No. 2, and Standing Committee Report Nos. 732-72**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 732-72 Housing and Consumer Protection on H. R. No. 162

The purpose of this Resolution is to request the Committee on Housing and Consumer Protection to examine during this session the feasibility of lowering and standardizing closing costs by home buyers in Hawaii and in general investigate other related closing cost practices.

Your Committee believes that an in-depth study of the concerns expressed in the Resolution would be impractical during the limited time available during the session. Your Committee is therefore recommending that the study be conducted during the interim period between the regular sessions of 1972

and 1973. A similar disposition was recommended to **H. R. No. 359** which related to mortgage practices. The subject matters of the two resolutions are inter-related and should be seriously considered by the Legislature.

Your Committee on Housing and Consumer Protection concurs with the intent and purpose of **H. R. No. 162**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 162, H. D. 1**.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 733-72 Education on **S. C. R. No. 28**

The purpose of this resolution is to request the Governor of the State of Hawaii to proclaim April 28, 1972 as "World Peace Day" and to encourage on that day discussions on the preconditions of world peace through a program planned by the Pacific and Asian Affairs Council in all the public schools of the State.

Realizing that our world is now and has always been plagued by hate, suffering, and conflict, but believing that peace and love are the highest ideals that mankind can achieve, your Committee agrees with the inherent purposes of this resolution.

Your Committee on Education is in accord with the intent and purpose of **S. C. R. No. 28, S. D. 1** and recommends its adoption.

Signed by all members of the Committee except Representative Iha.

SCRep. No. 734-72 Finance on **H. R. No. 160**

The purpose of this resolution is to urge both state and federal government officials to support congressional legislation which would extend the benefits of survivor benefits, reenlistment bonus, proficiency pay, medical/dental and death benefits, and early reserve retirement to guardsmen, as well as other benefits which could be granted without additional expenditures on the part of the military services, such as post exchange and commissary privileges.

Your Committee adopts the findings of the Committee on Military and Civil Defense as

stated in **Stand. Com. Rep. No. 427-72**. The report recognizes the President's commitment of an all volunteer force by July, 1973, and which called upon us to attract young men both to the regular and reserve forces of the nation. Providing these benefits is one step toward the goal in attracting others to serve. The citizens of this country, in any event, owe our citizen-soldiers adequate incentives in terms of pay, privileges and other benefits.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 160, H. D. 1**, and recommends its adoption.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 735-72 Finance on **H. R. No. 389**

The purpose of this resolution is to request all heads of State and county agencies respecting which legislative studies have been by resolution requested to evaluate and attach priorities to all such resolutions and report the same back to the legislature for possible action.

Your Committee finds that resolutions requesting studies, in the absence of the procedure hereby proposed, are often conceived and adopted by the legislature without regard to other similar or related requests, and often without regard for the overall objectives of the program with respect to which the requested study relates. The result is often a study or overlapping studies which fall short of any meaningful application or use.

This resolution, therefore, is designed to accomplish the kind of coordination concerning requests for studies which is needed to place them in proper perspective. Each agency with respect to which studies are requested is to look critically at what each study is intended to disclose in the light of broad program objectives and needs; to ascertain thereby which are meritorious and which are not; then to attach relative priorities thereto, reporting the same to the chairman of the appropriate standing legislative committee to which the resolution has been referred for consideration, indicating with reference thereto wherein the study has merit and the import thereof and need therefor.

If there are fiscal implications requiring or which will require the expenditure of State

funds to accomplish the study above the level of current services or beyond the present fiscal means of the agency, the head thereof shall report the priorities thereof also to the chairman of the Committee on Finance.

Your Committee has amended the resolution by incidental changes in language (including in the title), and in addition:

(1) It is required that in the case of all resolutions requesting studies, when being reported to committee chairmen, that agency heads "shall report the priorities thereof simultaneously to the Speaker of the House of Representatives." As offered, the resolution required only that the same be reported to the Speaker also if there be fiscal implications.

(2) As to transmittes, it is resolved that copies be sent to "the heads of all State executive departments and the mayors of the respective counties; and that they be, and hereby are, requested to coordinate with the offices, officers, boards, commissions or other agencies concerned in submitting the reports of priorities hereby requested."

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 389**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 389, H. D. 1**.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 736-72 Lands on **H. R. No. 392**

The purpose of this resolution is to support the proclamation by the Honorable John A. Burns, Governor of the State of Hawaii, of May 7 - 14, 1972 as Soil Stewardship Week. Further, it extends congratulations to the officers of the Hawaii Association and National Association of Conservation Districts for their active sponsorship of this event.

Your Committee on Lands concurs with the intent and purpose of **H. R. No. 392** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 737-72 Select Committee of Oahu Representatives on **S. C. R. No. 32**

The purpose of this Concurrent Resolution is to request the Mayor of the City and County of Honolulu, the Director of Public

Works, and the Director of Parks and Recreation to use the utmost care in the design of the Ala Moana Drainage Canal Widening Project so as to assure minimal infringement on Ala Moana Park.

The planned Ala Moana Drainage Canal Widening Project threatens to infringe upon Ala Moana Park and to destroy many rare, historical and unusual trees. Utmost care must be taken to assure preservation of as many of these trees as possible and to protect the aesthetic quality of the park.

Your Select Committee of Oahu Representatives concurs with the intent and purpose of **S. C. R. No. 32** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 738-72 Select Committee of Oahu Representatives on **S. B. No.1863-72**

The purpose of this bill is to establish a revolving fund entitled, "The Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund," and to provide for assessment and collection of funds therefor. The funds shall be created by the assessing and collecting by any county with a population of 100,000 or more of an additional fee of 50 cents annually. The treasurer or director of finance of such county shall be charged with the duty of assessing and collecting this fee.

The funds shall be used and administered by such county for the purpose of beautification of primary highways under the ownership, control, and jurisdiction of such county, and to defray the additional cost in the disposition and other related activities of abandoned vehicles as prescribed in Chapter 290, Hawaii Revised Statutes.

Your Select Committee of Oahu Representatives is in accord with the intent and purpose of **S. B. No.1863-72** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 739-72 Housing and Consumer Protection on **H. R. No. 380**

The purpose of this Resolution is to establish an interim committee to study the effect and implementation of Act 85, Session Laws

of 1970, with particular reference to the grandfather clause on the licensure qualifications, and to make appropriate recommendations on whether the said Act should be amended or repealed.

Act 85, Session Laws of 1970, required the registration and licensing of landscape architects along with the engineers, architects, and surveyors. However, problems have arisen with regard to the implementation of Act 85. The interim committee shall be charged with the responsibility of studying the effects of these problems.

Your Committee on Housing and Consumer Protection concurs with the intent and purpose of **H. R. No. 380** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Young.

SCRep. No. 740-72 Education on H. R. No. 328

The purpose of this Resolution is to request the Department of Education to examine and revise its methods of reporting the results of tests administered in the public schools.

The Department of Education routinely publishes reports on its testing program which summarize test data for all tests given within a school year. Standardized test data can provide valuable information if they are used and interpreted in a proper manner and if a common understanding of the testing program in terms of its purposes, its results and its potential in helping to achieve desired educational goals is shared.

Your Committee finds that these reports would be of greater value if they are placed in proper perspective and therefore recommends that the Department examine and revise its methods of reporting the results of tests administered in the public schools with consideration given, but not limited, to the concerns expressed in this Resolution.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 328** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kato and Young.

SCRep. No. 741-72 Education on H. R. No. 277

The purpose of this Resolution is to request the Department of Education, in cooperation with the Department of Agriculture and the University of Hawaii, College of Tropical Agriculture, to incorporate in its education programs information on Hawaii's agriculture and that this information be used to promote student interest in agricultural development and consideration of possible careers in farming and related agricultural business.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 277** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives R. Garcia, Kato, Yap and Young.

SCRep. No. 742-72 Public Health, Youth and General Welfare on S. C. R. No. 53

The purpose of this Concurrent Resolution is to request the State Board of Examiners to propose a plan for the training of mobile intensive care paramedics.

There currently exists a critical shortage of professionally trained medical personnel for the delivery of fast and efficient care during emergencies. Improving emergency service can reduce the mortality rate during the first critical moments following an accident. Utilization of paramedics can substantially improve emergency service.

Your Committee on Public Health, Youth and General Welfare concurs with the intent and purpose of **S. C. R. No. 53** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sakima.

SCRep. No. 743-72 Finance on S. B. No. 95

The purpose of this bill is to amend existing law relating to compensation paid to prisoners employed in correctional industries established pursuant to Section 354-2, Hawaii Revised Statutes, by providing for an hourly wage based on the income that is derived from such industries.

The existing statute provides that inmates shall be paid daily wages of not more than \$5.00 nor less than \$2.00. The bill provides that hourly wages shall be based on the income derived from the correctional industries. The proposed amendment is consistent with other provisions of Chapter 354, Hawaii Revised Statutes, which stipulate that the correctional industries shall be self-sustaining and that wages and other expenses shall be paid out of income generated.

The bill is endorsed by the Department of Social Services, Hawaii Correctional Association, Hawaii Council of Churches and John Howard Association of Hawaii.

By previous amendment hereto (**H. D. 1**), your Committee changed the effective date of the bill from July 1, 1971 to 1972; although in the process, the opening portion of the first sentence of subsection (2) was inadvertently omitted. Hereby, the same has been restored (p. 2, line 1).

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 95, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 95, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 744-72 Finance on S. B. No. 1806-72

The purpose of this bill is to provide for the development of a policy for the State of Hawaii to halt urban sprawl with its attendant need for costly urban services, to preserve and conserve open space areas, to enhance and protect the environment of Hawaii, and to uplift the quality of life for all its citizens, and to provide for the implementation of this policy.

Presently, there is no quality growth policy as such in the State. This bill directs the office of the governor to develop such a policy, and sets the criteria upon which the policy will be based, which shall include the following considerations:

(a) an examination of the environmental impact of proposed urban development;

(b) the relationship between short-term and long-term environmental quality;

(c) any irretrievable commitment of resources through urban development; and

(d) alternatives available to minimize adverse environmental effects as balanced against economic development of the State.

Your Committee has amended the bill by deleting the provision for an appropriation out of general revenues in the sum of \$100,000 to effectuate the purpose hereof, and by deleting the provision for expenditure thereof. Sections 3 and 4, therefore, are removed, and section 5 is renumbered section 3.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1806-72, S. D. 2**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 1806-72, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 745-72 Finance on S. B. No. 1694-72

The purpose of this bill is to appropriate \$1,000,000 for the construction and further development of a park at Anuenu (Sand Island), Oahu.

The development of a public park at this site will do much to complement the vast industrial developments in the surrounding area. Its location, near Kalihi-Palama, will provide badly-needed recreational facilities for this densely populated area. The bill specifies that the park "be situated within the area extending along the shoreline between the Coast Guard facility and the Sand Island Access Road."

Funding is by way of issuance of general obligation bonds, authorization for which is hereby provided; and the sum appropriated is to be expended by the department of land and natural resources.

On the subject of the Sand Island Park, your Committee has been referred **H. C. R. No. 48**, relating thereto, which provides, in effect, that if in fact there has been a compromise agreement signed between the department of land and natural resources, the department of transportation, the department of planning and economic development, and the Kalihi-Palama community council that 210 acres of Sand Island be set

aside for a public park, that the same be legislatively “recognized and approved,” —and further that the administration be requested to “proceed immediately to implement the planning and development of the Sand Island park.” In these principles, which we endorse, your Committee concurs.

Hereby, the bill has been amended, both in its title and text, as follows: By substituting therein the name “Sand Island” in place of “Anuenue” in accordance with Act 182, Session Laws of Hawaii, 1971.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1694-72, S. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 1694-72, S. D. 1, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 746-72 Finance on S. B. No. 1472-72

The purpose of this bill is to amend Section 651-65, Hawaii Revised Statutes, to increase the value of real property exempt from levy and sale on execution from an assessed value of \$2,750 to (1) \$20,000 for any head of a family or any person sixty-five years of age or older and (2) such property of a value not exceeding \$10,000 owned by any other person.

The provisions of the bill cover real property consisting of one piece of land not to exceed one acre, and the dwelling house and other buildings thereon, where the owner resides, increasing the value thereof, exempt from levy and sale on execution, from \$2,750 to \$20,000 and \$10,000. The values specified are to be determined solely by the assessed value for taxation purposes. The bill also provides that any claim of exemption under Section 651-65, Hawaii Revised Statutes, made before the effective date of this section by increasing the value of any property declared exempt to the value permitted by this section on the effective date, to the extent that such increase does not impair or defeat the right of any creditor to execute upon the property which existed before the effective date of this section.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1472-72** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 747-72 Finance on S. B. No. 476

The purpose of this bill is to raise the rate of compensation of the five members of the public utilities commission from \$10 per day to \$50 per day, and to permit the commission to appoint its own attorney.

Your Committee on Public Utilities, reporting hereupon in **Stand. Com. Rep. No. 471-72**, has recommended the \$50 per day rate of compensation as “not unreasonable”, stating that:

“ . . . it reflects the higher cost and standard of living we have attained since the establishment of the present \$10 per day rate of compensation. The increased amount is more in line with present needs and requirements. Indeed, various other commissions (Criminal Injuries Compensation Commission - \$50 per day; legislative reapportionment commission - \$50 per day) have their compensation set at the same level.”

It was also noted that the limitation that no member of the commission may receive more than \$1,000 as compensation in any one year had been removed because retaining such a limitation would allow members of the commission to attend a maximum of 20 meetings a year, a “completely unrealistic” allowance.

Your Committee on Public Utilities also recognized that the commissioners are asked to make decisions on complex problems dealing with rates, financing, rules and regulations for the regulated companies, and the needs of the general public. Therefore, it is important to permit the commission to appoint its own attorney on an “as needed” basis. This will provide the commission with the expertise necessary to make fair decisions, and at the same time expedite the decision-making process.

In **Stand. Com. Rep. No. 471-72**, aforesaid, it is also said:

“Your Committee also recognizes that situations may arise where the commission may be an adverse party in an administrative or judicial proceeding, as was the case in recent rate proceedings. In such situations, it is preferable that the commission retain its own attorney rather than having

to rely on the staff of the Attorney General as is presently the practice. It is anticipated that this amendment will encourage the commission to agree and stipulate that it is an adverse party in such proceedings.”

The bill has been amended by changing the year of the effective date from July 1, 1971 to 1972.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 476, S. D. 2**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 476, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 748-72 Agriculture on **S. C. R. No. 47**

The purpose of this Concurrent Resolution is to request the United States Secretary of Defense to consider allowable preferences to small business, to study and evaluate current military practices in the treatment of freight and handling charges on food products purchased on the mainland and shipped to Hawaii and to correct any and all inequities that may exist.

Your Committee finds that for many years local farmers and wholesalers have complained about the apparent inequities in the treatment of freight and handling charges on military procurement contracts. The local farmers and wholesalers find it extremely difficult to compete in terms of prices with mainland imported food products because the military does not include freight and handling charges to the cost of food products purchased on the mainland and shipped to Hawaii. On the other hand, local wholesalers must include this freight and handling charges in their bids for military procurement contracts. Bidding would be on a more equitable basis if the military is required to include these freight and handling charges to the cost of the food products purchased on the mainland and shipped to Hawaii.

Your Committee is also informed that the Armed Forces Procurement Regulations allow preferential treatment for small business concerns and that should this authority be utilized many small local businesses will be in a better position to compete with larger merchants.

Your Committee on Agriculture concurs with the intent and purpose of **S. C. R. No. 47, S. D. 1**, and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 749-72 Finance on **H. R. No. 184**

The purpose of this resolution is to request the department of land and natural resources to make a study on the possibility of creating sediment or silt basins throughout the State and report its findings to the Legislature at the 1974 session.

The sediment or silt basins in question are intended to receive runoff of top soil, such as the Ala Wai Canal, thus preventing mud deposits upon beaches into which storm water would otherwise overflow.

Preservation and improvement of beaches is of primary concern since they serve as sources of recreation for residents and attraction to tourists. The runoff of top soil, sediment and silt into coastal waters may affect the aesthetic quality and cleanliness of beaches. Rather than control sediment or silt at the source of its production as in the past, a more natural and effective way may, it has been said, is through the use of basins for erosion control.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 184** and recommends its adoption.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 750-72 Finance on **H. R. No. 229**

The purpose of this resolution is to request the department of education to conduct a study on the feasibility of basing the deployment of vice principals on the number of staff members and innovative instructional programs assigned to a school, and that while the study is being conducted and until a determination is made the redeployment of vice principals be held in abeyance.

Presently, the assignment of vice principals is based on a formula utilizing student population. To be eligible for the services of a vice principal, a school must have a minimum enrollment of 750 students. The appointment of vice principals to schools which

have less than 750 students is allowed "under special circumstances", provided that appropriations are available.

Your Committee on Education, to which this measure was initially referred, reporting hereupon in **Stand. Com. Rep. No. 707-72**, made a finding that the emphasis on enrollment in the assignment of vice principals "ignores essential factors which should be considered for effective school administrative staffing." Elements such as community characteristics (e.g. public housing areas, low income areas, areas of high incidence of crime and delinquency), the nature of the school population, and the increase in the number and complexity of educational programs being conducted in our schools today all require a great deal of administrative attention and guidance; wherefore, your Committee on Education concluded:

"Schools which do not have the minimum student enrollment to warrant a vice principal are penalized despite the fact that it may have a high concentration of children from low-income families, have a high concentration of immigrant children and as a result administer and conduct a number of special and innovative instructional programs to meet the special needs of their students. These, in addition to the regular curricular activities, require a great deal of organization and coordination and places much responsibility on the principal. Thus, the assistance of a vice principal is highly essential to provide the necessary administrative support and guidance despite the fact that a school may not meet the minimum enrollment requirement to warrant a vice principal."

Apparently, during the next school year twenty-eight vice principal positions, which based on enrollment have been designated as "over allocated", are proposed to be eliminated. In view thereof, your Committee on Education recommended that while the study is being conducted and until a determination is made, the redeployment of vice principals be held in abeyance, and, accordingly, the resolution was amended.

Your Committee is informed that the study hereby requested can be accomplished by the department at its current level of services and within its present fiscal means; and, therefore, no funding is required.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 229, H. D. 1**, and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 751-72 Finance on S. B. No. 576

For reasons which hereafter appear, the bill has been amended as has the title hereof to reflect the same to read: "A BILL FOR AN ACT RELATING TO TAX EXEMPTIONS FOR LOW INCOME HOUSING."

The purpose of this bill is to extend certain exemptions from real property and general excise taxes as to housing projects owned and operated by a "limited distribution mortgagor" qualified under the National Housing Act, and regulated by federal or State laws or by a political subdivision of the State or agency thereof, as to rent, charge, profit, dividend, development cost, and method of operation.

A limited distribution mortgagor is one who obtains mortgage insurance under sections 202, 221(d) (3) or 236 of the National Housing Act as a so-called "limited dividend corporation", being an entity which has filed with the FHA a copy of its charter limiting its return to 6 per cent on capital equity.

Under the bill, as amended, section 1 amends Sec. 231-23(a) by adding limited distribution mortgagor to whom there shall be refunded real property taxes paid following the effective date of the exemption as determined by the director of taxation. Section 2 amends Sec. 237-29 as to general excise taxes, under subsection (b) of which gross proceeds received by the contractor or subcontractor for construction of such a housing project are exempt, and under subsection (c) of which gross proceeds received from a tenant or lessee as rent for a residential unit therein are exempt. Section 3 of the bill amends Sec. 246-39 to exempt real property used for such a housing project from real property tax. Section 4, which amends Sec. 246-39.1, relates to procedures for claiming exemption.

Your Committee hereby takes legislative notice that there exists in the State of Hawaii a critical shortage of housing units for low (and moderate) income families. Various studies have indicated the need for from 40,000 to 50,000 units at the present time. These studies show that the forces of population increase and obsolescence will combine to

create a need for over 250,000 units by 1985. Since 1961, the economy has been producing an average of less than 10,000 units annually.

In order to meet the needs of these low (and moderate) income families we must look to the assistance of various federal programs under the National Housing Act, and also under Chapter 359G, Hawaii Revised Statutes (Act 105, Session Laws of Hawaii 1970), as amended, pursuant to which there is also a legislative expression that the hereinabove stated "critical shortage" exists.

Nonprofit and limited distribution mortgagors are attempting to alleviate this situation by developing housing projects for low (and moderate) income families. The success of such projects is greatly dependent upon government assistance such as mortgage insurance provisions under sections 202, 221(d) (3), and 236 of the National Housing Act, and also exemption from State real property and general excise taxes provided for by this bill.

As a condition to obtaining mortgage insurance under sections 202, 221(d) (3), and 236 of the National Housing Act, a limited distribution mortgagor agrees with the Federal Housing Commissioner to restrict or limit the distributional profits or return by a fixed percentage of the mortgagor's equity capital or amount of mortgage. Said profits or returns are not related to the amount of rentals received by such limited distribution mortgagor. Therefore, the imposition of real property and general excise taxes upon a housing project, the mortgage of which is insured under said sections 202, 221(d) (3), and 236 will result in higher rental charges to the tenants thereof without in any manner affecting the mortgagor's profits or return. The granting of the tax exemptions contained in this bill will not result in increasing the profits or return of a limited distribution mortgagor, such profits having been determined by the Federal Housing Commissioner according to the applicable provisions of the National Housing Act independent of such exemptions.

The difference in tax treatment between nonprofit and limited distribution mortgagors has resulted in discouraging limited distribution mortgagors from developing and maintaining multi-family projects for families of low and moderate income. Studies have shown that it is economically not feasible for a limited distribution mortgagor to

provide housing without the assistance from the State in the form of tax exemption. There is a significant difference in the rental structure between projects developed by a nonprofit mortgagor and projects developed by a limited distribution mortgagor, and the primary reason therefor is the enjoyment of real property and general excise tax exemption by the nonprofit mortgagor. The imposition of such taxes upon a limited distribution mortgagor only serves to increase the mortgage amount of mortgages insured under said sections 202, 221(d) (3) and 236. Besides, your Committee is informed that there is stern competition among the various FHA district offices throughout the United States to obtain allocations for such mortgages. The tax exemption will allow more housing units to be built within the FHA mortgage allocations.

Based upon the statements of the FHA Director of Hawaii, your Committee on Housing and Consumer Protection, reporting in **Stand. Com. Rep. No. 922** (of last year) has found as follows:

"1. The profits of a limited distribution mortgagor are pre-determined and strictly limited by law.

"2. The expenses and profits of a limited distribution mortgagor are strictly regulated and controlled by the FHA.

"3. The real property tax exemption granted by **S. B. No. 576, S. D. 1**, will not result in an increase of profit for the limited distribution mortgagor.

"4. There have been several low and moderate income housing projects which have failed to receive the approval of the FHA due to the fact that the necessary rental rates to make the projects economically feasible were over the permissible rates. If these projects had had the benefits of real property taxation exemption in the determination of the rental rates, these projects probably would have come into being.

"5. The low to moderate income tenants occupying these housing projects will benefit as their rent would be higher without the real property tax exemption granted by this bill.

"6. There will be more new housing projects for low and moderate income families as a result of the real property

taxation exemption granted by **S. B. No. 576, S. D. 1.**

The real property tax exemption granted by this bill will be available only during the period the housing project is mortgaged pursuant to the aforesaid provisions of federal law and under the control and regulation of the applicable federal, State or county government agency.

As amended herein, it is the intent of this bill to benefit the **low** income consumers of this State, only. As to consumers in such classification, the operative effect of this bill is to pass on the tax savings either in the form of lower rents or by delaying the increase of rent due to spiraling operational costs. Also the passage of this bill should encourage the development of more rental housing units for this income group.

Your Committee has amended this bill by deleting throughout the captions of the various sections amended hereby **and the title** hereof the phrase "and moderate-" from between the words "low" and "income", relating to classification of housing to which the exemptions which as the subject matter hereof apply.

This recommendation is consonant with our handling of **H. B. No. 1222, H. D. 1**, (also of last year) which was enacted as Act 192, Session Laws of Hawaii, 1971.

Thereby, your Committee amended certain sections of Acts 194, 287, 239 and 150, Session Laws of Hawaii 1961, 1967, 1969 and 1970, respectively. Each of these statutes refers to and includes, at various places throughout, housing for persons of "low", "moderate" and "middle" income. The constitutionality of continued bond issuance, revenue appropriation and land condemnation therefor was questioned based upon doubt of the validity thereof by the State's bond counsel in New York and the State attorney general.

The question raised was: Can the State expend public funds for housing for persons of all such income levels as a valid "public purpose" pursuant to the provisions of Section 2, Article VI, of the State Constitution, since Section 4, Article VIII reads:

"The State shall have power to provide for, or assist in, slum clearance and the development or rehabilitation of substand-

ard areas, including **housing for persons of low income.**" (Emphasis added).

This question, we pointed out, is not peculiar to Hawaii. There has been a recent series of test cases in at least three other states. Although these decisions upheld the constitutionality of similar legislation, your Committee expressed a belief that it was advisable to forego submission of this matter to the process of judicial determination when enactment of that bill, as amended, achieves the desired result. In turn, as necessary, we indicated that "the definition of persons of 'low income' can be adjusted to include the target groups intended to be covered by the Acts affected."

Similarly, we are not now so sure that assistance in the form of the tax relief proposed by this bill may not be vulnerable to constitutional attack for the same reasons. However, similarly, it is our conviction that the definition of persons of "low income" can be adjusted to include the target groups covered by the statutes hereby affected.

Your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 327** hereupon, the contents of which, to the extent not inconsistent herewith, are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 576, S. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 576, S. D. 1, H. D. 1.**

Signed by all members of the Committee.

SCRep. 327-72 Human Resources on S. B. No. 576

The purpose of this bill is to grant a tax relief for a limited period of time to a mortgagor who qualifies and obtains mortgage insurance under sections 202, 221(d) (3), or 236 of the National Housing Act as a limited distribution mortgagor of a housing project regulated by federal or State laws or by a political subdivision of the State or agency thereof, as to rent, charge, profit, dividend, development cost, and method of operation.

The State administration testified in favor of this bill.

Under Chapter 359G, Hawaii Revised Statutes, as amended (Act 105, Session Laws

of Hawaii 1970), the Legislature of the State of Hawaii determined that there exists in the State of Hawaii a critical shortage of housing units for low and moderate income families. Various studies have indicated the need for from 40,000 to 50,000 units at the present time. These studies show that the forces of population increase and obsolescence will combine to create a need for over 250,000 units by 1985. Since 1961, the economy has been producing an average less than 10,000 units annually.

Families in the housing "gap group", who earn too much for public housing (\$6,000 to \$15,000) but not enough to qualify for a conventional mortgage, are having a very difficult time finding decent housing in this State. In order to meet the needs of these low and moderate income families we must look to the various federal programs under the National Housing Act and also under Chapter 359G.

Nonprofit and limited distribution mortgagors are attempting to alleviate this situation by developing housing projects for the low and moderate income families. The success of such projects is greatly dependent upon government assistance such as mortgage insurance under sections 202, 221(d) (3), and 236 of the National Housing Act and also exemption from State real property and general excise taxes.

As a condition to obtaining mortgage insurance under sections 202, 221(d) (3), and 236 of the National Housing Act, a limited distribution mortgagor agrees with the Federal Housing Commissioner to restrict or limit the distributional profits or return by a fixed percentage of the mortgagor's equity capital or amount of mortgage. Said profits or returns are not related to the amount of rentals received by such limited distribution mortgagor. Therefore, the imposition of real property and general excise taxes upon a housing project, the mortgage of which is insured under said sections 202, 221(d) (3), and 236 will result in higher rental charges to the tenants thereof without in any manner affecting the mortgagor's profits or return. The granting of the tax exemptions contained in this bill will not result in increasing the profits or return of a limited distribution mortgagor, such profits having been determined by the Federal Housing Commissioner according to the applicable provisions of the National Housing Act independent of such exemptions.

The difference in tax treatment between nonprofit and limited distribution mortgagors has resulted in discouraging limited distribution mortgagors from developing and maintaining multi-family projects for families of low and moderate income. Studies have shown that it is economically not feasible for a limited distribution mortgagor to provide housing without the assistance from the State in the form of tax exemption. There is a significant difference in the rental structure between projects developed by a nonprofit mortgagor and projects developed by a limited distribution mortgagor, and the primary reason therefor is the enjoyment of real property and general excise tax exemption by the nonprofit mortgagor. The imposition of such taxes upon a limited distribution mortgagor only serves to increase the mortgage amount of mortgages insured under said sections 202, 221(d) (3), and 236. Besides there is fierce competition among the various FHA district offices throughout the United States to obtain allocations for such mortgages. The tax exemption will allow more housing units to be built within the FHA mortgage allocations.

Your Committee upon consideration of this bill recommends that it be amended by extending the tax exemption to a housing project which is owned and operated by a person, corporation or association regulated by federal or State laws or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation. Thus, a person who provides housing under Chapter 359G, Hawaii Revised Statutes, will be extended the same tax exemption privileges as a nonprofit or limited distribution mortgagor.

Therefore, under section 2 of the bill, Section 237-29(b), Hawaii Revised Statutes, shall be amended to read as follows:

"All of the gross proceeds received by a contractor or subcontractor for the construction in the State of a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or which is owned and operated by a person, corporation or association regulated by federal or State laws or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation, shall be exempt from general excise taxes."

Also under section 3 of this bill, Section 246-39(b), Hawaii Revised Statutes, shall be amended to read as follows:

“Real property used for a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or which is owned and operated by a person, corporation or association regulated by federal or State laws or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation, shall be exempt from property taxes.”

Your Committee on Human Resources is in accord with the intent and purpose of **S. B. No. 576**, as amended herein, and recommends its passage on second reading in the form attached hereto as **S. B. No. 576, S. D. 1** and its referral to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. No. 752-72 Education on **S. C. R. No. 13**

The purpose of this Concurrent Resolution is to request the Governor of the State of Hawaii to proclaim the first week of May as Children's Week commencing on Lei Day and to make Children's Week an annual affair.

Your Committee recommends that the Commission on Children and Youth structure the program. Focus shall be on the kinds of programs that shall develop the child and on the inherent values of a child to his family and community. These programs shall not disrupt the learning activities of the child in class.

Your Committee on Education concurs with the intent and purpose of **S. C. R. No. 13, S. D. 1** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 753-72 Finance on **S. B. No. 1983-72**

The purpose of this bill is to amend the law relating to distribution of grants-in-aid of State general fund revenues to the several counties by changing from 25 per cent to 75 per cent the portion of various tax collections distributable to the several counties upon ap-

proval by the governor of a plan or program related to their “justifiable level” of services pursuant to Sec. 248-6 (c), Hawaii Revised Statutes.

As did your Joint Select Committee of Kauai, Maui, Oahu and Hawaii Representatives, reporting hereupon in **Stand. Com. Rep. No. 663-72**, Your Committee on Finance recognizes the increase of governmental expenditures and the expanding public programs, and feels that programs throughout the State of Hawaii need to be examined on a statewide basis. To insure that the revenues of the various political subdivisions are expended on programs that meet the desires and needs of our people, the bill provides for a greater review of programs affecting the people of the State.

Your Committee also further notes that the Congress of the United States is currently considering revenue sharing to states and local governments. The enactment of a revenue sharing measure would increase the revenues of the political subdivisions of the State of Hawaii. Therefore, it is imperative that the Legislature take positive action today to insure a balanced financial structure that would facilitate the development of programs on a statewide basis.

As this bill originated in the Senate, your Committee has annexed hereto a copy of Senate **Stand. Com. Rep. No. 534-72** hereupon, the contents of which are incorporated herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1983-72, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. 534-72 Ways And Means on **S. B. No. 1983**

The purpose of this Bill is to provide for a more comprehensive review of programs affecting the people of the State of Hawaii.

Your Committee recognizing the increase of governmental expenditures and the expanding public programs, feels that programs throughout the State of Hawaii need to be examined on a statewide basis. To insure that the revenues of the various political subdivisions are expended on programs that meet the desires and needs of our people,

your Committee has amended the grants-in-aids to provide for a greater review of programs affecting the people of the State.

Your Committee further notes that the Congress of the United States is currently considering revenue sharing to states and local governments. The enactment of a revenue sharing measure would increase the revenues of the political subdivisions of the State of Hawaii. Therefore, it is imperative that the Legislature take positive actions today to insure a balanced financial structure that would facilitate the development of programs on a statewide basis.

Your Committee on Ways and Means is in accord with the intent and purpose of **S. B. No. 1983-72**, as amended in the form attached hereto as **S. B. No. 1983-72, S. D. 1**, and recommends that it pass Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 754-72 Judiciary on **S. B. No. 2068-72**

The purpose of this bill is to increase the maximum number of members of the State Commission on the Status of Women from twenty-one members to twenty-five members.

Our existing statute authorizes the number of persons on the Commission on the Status of Women to be not fewer than fifteen nor more than twenty-one members. Presently there are fifteen appointed members and seven designated ex-officio members, a total of twenty-two, on the Commission. Your Committee finds a change to twenty-five appropriate, with eighteen members and seven ex-officio members, because an odd number is preferable in the case of a tie vote.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 2068-72, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 755-72 Judiciary on **S. B. No. 1355-72**

The purpose of this bill is to provide for a more expeditious disposition of derelict ves-

sels abandoned in State waters or on public or private property.

This is not the first time the problem of abandoned vessels has been considered by this Legislature. In 1970 after some study of the problem, the Legislature in Act 48, Session Laws of Hawaii 1970 simplified and speeded up the disposition process. Experience has shown, however, that greater authority is necessary in order to accomplish the State's need in this regard. Derelict vessels are not only dangerous to navigation, but are unsightly and occupy space urgently needed for other vessels use for recreation and commercial purposes.

The present law provides that thirty days must lapse before a vessel can be taken into custody even if the last registered owner disclaims ownership and moves out of the State. After taking custody, the owner has twenty days from the date a notice is mailed to redeem the vessel. If he does not redeem it, a notice of auction must be published and the vessel cannot be sold less than five days after publication of the notice. In actual working, approximately seventy days elapse from the time that a vessel appears to be abandoned until it is actually removed. Vessels that sink in the harbor and others which require immediate action should be disposed of in a more expeditious manner. Under the provisions of this bill, the majority of abandoned vessels could be removed within ten days. The bill also streamlines the procedures for the disposition of vessels abandoned on premises of repairmen.

This bill further provides that notice of the intended disposition of a derelict vessel must be mailed by specified procedures to the registered owner and to all lien holders on file indexed in the name of the registered owner in the Bureau of Conveyances or who are shown on the records of the Department of Transportation or U. S. Coast Guard.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1355-72, S. D. 2**, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 756-72 (Majority) Judiciary on **S. B. No. 466**

The purpose of this bill is to eliminate the legal residence requirement for eligibility to take the examination in this State for medical licensure and to require a period of supervision by a licensed physician of six months.

Upon recommital, your Committee has amended **S. B. No. 466, S. D. 1** to provide that all persons shall have been a resident of the State for at least three months or shall have been continuously physically present in the State for at least three months of his legal residency in the State.

Your Committee finds that a six-month supervision is not necessary but that a three-month requirement of residence in Hawaii is necessary to obtain documents and other evidence to verify that the applicant has fulfilled other requirements of Sec. 453-4 relating to internship, graduation from an approved medical school, citizenry, and moral character.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. 466, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. 466, H. D. 2**.

Signed by all members of the Committee. Representative Carroll did not concur.

SCRep. No. 757-72 (Majority) Judiciary on S. B. No. 564

The purpose of this bill is to provide a limited exemption from the State antitrust laws for certain combinations and arrangements necessary for the survival of failing newspapers by enactment of the provisions of Public Law 91-353, 84 Stat 466, which was passed by the Congress of the United States in 1970, and which is commonly known as the Newspaper Preservation Act.

The bill provides that a newspaper publication which is in danger of financial failure may merge commercially with another newspaper publication which, at the time of merger, was likely to remain or become financially sound, provided that there is no merger of editorial or reportorial staffs and that editorial policies of both publications continue to be independently determined. The bill further provides that any such arrangement entered into heretofore is legal, that any amendment thereof must be filed with the department of the attorney general and that no additional arrangements of this type may

be entered into except with the prior written consent of the attorney general. The bill is to be narrowly interpreted and is not to be construed as authorizing any predatory pricing or practice or other conduct in the otherwise lawful operations of a joint newspaper operating arrangement which would be unlawful under any antitrust law.

Your Committee conducted extensive hearings on this bill during which it heard testimony by Mayor Frank F. Fasi of the City and County of Honolulu; University of California at Berkeley Acting Professor of Law, Stephen R. Barnett, Esq.; local television executive, Lawrence S. Berger; Honolulu Advertiser Publisher, Thurston Twigg-Smith; James H. Couey, Jr. executive editor and assistant to the publisher of the Honolulu Star Bulletin, and executive vice president of the Hawaii Newspaper Agency; Morris J. Levine, Esq., counsel for both the Honolulu Advertiser and the Honolulu Star-Bulletin; Roy C. Kruse, president of the Hawaii Newspaper and Printing Trades Council; Robert McElrath, regional director of the ILWU; Editor-in-chief of the Honolulu Advertiser, George Chaplin and Mr. Pai of the Office of the Attorney General of the State of Hawaii. Statements supporting passage of the bill were received into evidence from the AFL-CIO; Local 210, Lithographers and Photoengravers International Union; International Longshoremen's and Warehousemen's Union, Local 142; Hawaii State Federation of Labor, AFL-CIO; Hawaii Government Employees Association; United Public Workers; Honolulu Printing Pressmen and Assistants Union, Local 413; Lodge 1245, International Association of Machinists; Hawaii Education Association; Local 996, Teamsters and Allied Workers; Local 5, Hotel, Restaurant Employees and Bartenders Union; Wellington Chu, general manager of the Ala Moana Center; Roy K. Soga, executive vice president and general manager of the Hawaii Times; Gerald P. Fisher, publisher of the Hawaii Press Newspaper; and Leo Weilmann, general manager of the Hawaii Tribune Herald. The Hawaii Newspaper Guild has withdrawn its testimony before the Committee.

While it may be arguable that this exemption from State antitrust laws is unnecessary because P. L. 91-353, 84 Stat 466 preempts the field, nevertheless, your Committee, after considering all the evidence, believes that enactment of this bill is reasonable and necessary as a declaration of the public policy of

the State. Because of the legislative history of our antitrust laws, which show that every other exemption to the Federal Antitrust law has been enacted despite obvious preemption, your Committee desires to insure that no hiatus in State law is created by a singular failure to track federal legislation in the field created by this bill. If such a hiatus existed, protracted and expensive treble damage suits might be filed in the courts of the State and not dismissed under the preemption doctrine until an appeal was taken to federal courts.

Testimony before the Committee shows that both the Honolulu Advertiser and Honolulu Star Bulletin, with the merger of their commercial department, independently established their own advertising rates and then set a joint rate using a formula derived from Federal court decisions in antitrust litigation. Therefore, this Committee determines as its intent in including the phrase "establishment of advertising rates" in the exempt operating arrangement that the practice now followed by these two newspapers shall be the allowed practice and that in such an arrangement in the State of Hawaii each paper must independently set its own advertising rates and that any joint rate shall be set by legal or approved formula.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 564, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representatives Lee, Roehrig and Wong did not concur.

SCRep. 758-72 Legislative Management

Informing the House that **House Resolution Nos. 393 to 395, Conference Committee Report No. 6, Re: House Bill No. 356, Senate Draft No. 1, House Draft No. 1, Conference Draft No. 1, Standing Committee Report Nos. 734-72 to 757-72, and Standing Committee Report No. 759-72** have been printed and distributed.

Signed by all members of the Committee.

SCRep. 759-72 Public Institutions on H. R. No. 275

The purpose of this Resolution is to request this committee to study and hold public hearings on the concept of a community based correctional program.

The correctional master plan received by this Legislature stated that community based programs are preferable to institutional treatment. Your Committee believes that this and other alternatives need further in-depth consideration and hearings throughout the State.

Your Committee has amended the Resolution to have the study performed by an interim committee appointed by the Speaker of the House in order to allow more time to consider the problems involved and to solicit views from citizens in all counties. The title has also been amended to reflect this change.

Your Committee on Public Institutions concurs with the intent and purpose of **H. R. No. 275**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 275, H. D. 1**.

Signed by all members of the Committee.

SCRep. 760-72 Joint Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on S. C. R. No. 34

The purpose of this concurrent resolution is to request the Director of Transportation and the Board of Land and Natural Resources to issue licenses and leases of public lands. These shall be issued to private social, recreational or athletic organizations in appropriate instances in accordance with the law. A requirement is provided that no such lease or license be issued unless the appropriate Board or Director first make a finding based on criteria as specified in the resolution.

Your Joint Select Committees of Kauai, Maui, Oahu and Hawaii Representatives concurs with the intent and purpose of **S. C. R. No. 34** and recommends that it be referred to your Committee on Lands.

Signed by all members of the Committee.

SCRep. 761-72 Transportation on H. R. No. 38

The purpose of this Resolution is to request the Department of Transportation to stay enforcement of its regulations requiring installation and use of marine sanitation devices on vessels used as domiciles pending adoption of regulations on the same subject matter by the coast guard. The reason for this

request is to avoid need less duplication, waste and hardship for the vessel owners.

Your Committee on Transportation concurs with the intent and purpose of **H. R. No. 388** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 762-72 Joint Select Committees of Kauai Representatives, Maui Representatives, Oahu Representatives and Hawaii Representatives on **S. B. No. 1756-72**

The purpose of this bill is to establish two new classes of licenses to be known as hotel license and as airport license. These licenses authorize the sale of liquor for consumption on the licensed premises.

Under present statute, rules and regulations are not drawn to be applicable to an individual license and must cover an entire class. A new class for hotels will permit the liquor commission to promulgate rules and regulations applicable particularly to hotels, thereby separating them from bar and restaurant licensees in the dispenser category where problems may differ. Jet-Jumbo travel has brought round-the-clock airport operation with a continuous flow of arrivals and departures. A new class for airports will also permit rules and regulations to be promulgated which will be applicable particularly to airports.

Your Joint Select Committees of Kauai, Maui, Oahu and Hawaii Representatives is in accord with the intent and purpose of **S. B. No. 1756-72, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 763-72 Judiciary on **S. B. No. 1749-7 2**

The purpose of this bill is to amend the requirement that all ordinary "home" loans made by the savings and loan associations cannot exceed \$50,000. The present law states that the total amount that may be loaned by an association on any home property, in ordinary loans, shall not exceed \$50,000.

This bill will remove the \$75,000 ceiling for loans made by savings and loan associations on residential property. Upon recom-

mittal, your Committee finds the \$75,000 ceiling desirable and has amended the bill accordingly.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1749-72, S. D. 1, H. D. 1** as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 1749-72, S. D. 1, H. D. 2.**

Signed by all members of the Committee.

SCRep. 764-72 Labor on **H. R. No. 320**

The purpose of this resolution is to request the House Committee on Labor to investigate the award of the operation and maintenance contract for the Pacific Missile Range Facility at Barking Sands, Kauai, to Dynalectron Corporation and to recommend appropriate action to be taken by the Legislature.

Prior to July 1, 1971 Kentron Hawaii Ltd. operated and maintained the Pacific Missile Range Facility at Barking Sands under a contract with the United States Navy. On said date Dynalectron Corporation was awarded the operation and maintenance contract by the Navy Regional Procurement Office in Los Angeles after underbidding Kentron and another bidder. The award of the contract has been strongly protested by the unsuccessful bidders on the ground that it was made without a realistic consideration of labor costs. Shortly thereafter Dynalectron initiated substantial changes including the downgrading of job classifications and the reduction of wage scales. Subsequent negotiations for a collective bargaining agreement with the representative of the employees resulted in a six-week strike which was terminated only after a federal mediator intervened. Your Committee has been informed, however, that there is still much dissatisfaction among the employees and that unfair labor practice charges are being filed with the National Labor Relations Board.

Your Committee has investigated the situation and a public hearing was conducted on Kauai by several members of the Committee. It finds that a serious labor relations problem stemming from the award of the contract to Dynalectron still exists. Your Committee is aware, however, that the award of the operation and maintenance contract and labor relations at the missile range facility are within the Federal jurisdiction

and action by Congress and the National Labor Relations Board would be required to remedy the situation. It has therefore amended the resolution to request Congress, rather than the House Committee on Labor, to conduct an investigation into the award of the contract, as well as other similar contracts, so that the possibility of a recurrence of the present situation will be minimized.

Your Committee on Labor concurs with the intent and purpose of **H. R. No. 320**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 320, H. D. 1**.

Signed by all members of the Committee.

SCRep. 765-72 Judiciary on **H. C. R. No. 58**

The purpose of this resolution is to appoint a joint interim committee to receive and report on the Report of the Hawaii Probate Revision Committee and that such committee report the results of its interim work to the 1973 Legislature.

Your Committee finds that the Uniform Probate Code was approved by the National Conference of Commissioners on Uniform State Laws and by the American Bar Association in August, 1969 and also that the Hawaii Probate Revision Committee is to make a formal submission of its report on the Uniform Probate Code pursuant to its appropriations under Act 128 S. L. 1970. Your Committee finds that a study by a joint interim legislative committee of the report made by the Hawaii Probate Revision Committee is necessary to consider the proposed changes to the probate laws of Hawaii.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 58** and recommends its adoption.

Signed by all members of the Committee.

SCRep. 766-72 Judiciary on **S. B. No. 2013-72**

The purpose of this bill is to empower the Hawaii Housing Authority to develop housing projects which shall be exempted from all statutes, ordinances and rules relating to zoning and construction standards for subdivisions, development and improvement of land, and the construction and sale of homes thereon; provided (1) the Hawaii Housing Authority finds the project of Chapter 359G,

Hawaii Revised Statutes, (2) the project does not contravene safety standards or tariffs approved by the Public Utilities Commission for public utilities and (3) the legislative body of the county in which the project is to be situate shall have approved the project.

Under existing law the Hawaii Housing Authority is empowered to develop non-conforming projects under Section 359G-4(b) (2) which provides that the Governor may direct the Authority to promulgate rules and regulations to so allow non-conforming projects which rules and regulations shall have the force and effect of law and shall supersede all other laws for all projects in which the Hawaii Housing Authority shall participate under Chapter 359G. Inasmuch as such rules and regulations must have general application to all projects, it would be unwieldy and difficult to draft rules and regulations which can cover every non-conforming aspect of every project. Each project is likely to have a non-conforming need dictated by the topography, size, etc., of the particular project site or by the ordinances and rules peculiar to the county in which the project is situate.

Variances from statutes, ordinances and rules are often necessary to allow some experimentation in innovative housing development techniques. Moreover, strict adherence to technical requirements may foreclose the success of an otherwise sound housing project. The power set forth in this bill is essential to avoid delays and costs.

This bill allows non-conforming projects on a case-by-case basis. As the legislative body of the county in which the project is to be situate shall have the power to approve or disapprove any such project, the county is protected against the development of a project which it believes to be too drastic a deviation from the standards of development set for that county.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 2013-72** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 767-72 Legislative Management

Informing the House **House Resolution Nos. 396 to 402, House Concurrent Resolution Nos. 57 and 58, Standing Committee Report Nos. 760-72 to 766-72, Conference**

Committee Report No. 7, Re: House Bill No. 1636-72, H. D. 1, S. D. 1, C. D. 1, Conference Committee Report No. 8, Re: Senate Bill No. 1862-72, S. D. 2, H. D. 1, C. D. 1, Conference Committee Report No. 9, Re: Senate Bill No. 1502-72, S. D. 2, H. D. 1, C. D. 1, Conference Committee Report No. 10, Re: House Bill No. 2439-72, H. D. 1, S. D. 2, C. D. 1, Conference Committee Report No. 11, Re: House Bill No. 1638-72, H. D. 1, S. D. 1, C. D. 1, Conference Committee Report No. 12, Re: Senate Bill No. 1588-72, S. D. 2, H. D. 1, C. D. 1, Conference Committee Report No. 13, Re: Senate Bill No. 2008-72, S. D. 1, H. D. 1, C. D. 1, Conference Committee Report No. 14, Re: Senate Bill No. 1823-72, S. D. 1, H. D. 1, C. D. 1, Conference Committee Report No. 15, Re: Senate Bill No. 1729-72, S. D. 1, H. D. 2, C. D. 1, Conference Committee Report No. 16, Re: Senate Bill No. 919, S. D. 1, H. D. 1, C. D. 1, and Conference Committee Report No. 17 Re: House Bill No. 54, H. D. 1, S. D. 2, C. D. 1, and Standing Committee Report Nos. 768-72 to 781-72, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 768-72 Lands on S. C. R. No. 34

The purpose of this concurrent resolution is to amend the provisions of **H. R. No. 354**, adopted by the House of Representatives of the Fifth Legislature of the State of Hawaii, and request that leases and licenses of public lands be issued to private recreational, social or athletic organizations in accordance with the law and with adequate provisions to safeguard the public interest.

Your Committee on Lands concurs with the intent and purpose of **S. C. R. No. 34** and recommends its adoption.

Signed by all members of the Committee except Representative Yap. Representative Unemori did not concur.

SCRep. No. 769-72 Lands on **H. R. No. 400**

The purpose of this resolution is to appoint a House interim committee to work in conjunction with the Department of Planning and Economic Development and Hawaii Housing Authority in formulating a plan of urban renewal for the State of Hawaii. Fur-

ther, it is intended that the Japan Land Readjustment Act of 1955 serve as a guide in the formulation of the State's plan.

Your Committee on Lands concurs with the intent and purpose of **H. R. No. 400** and recommends its adoption.

Signed by all members of the Committee except Representative Yap.

SCRep. No. 770-72 Public Health, Youth and General Welfare on **H. R. No. 285**

The purpose of this Resolution is to establish March 11th as Human Services Day and encourage the citizens of this State to join the Hawaii Chapter of the National Association of Social Workers in this observance.

March 11, 1972 was the first anniversary of the death of Whitney M. Young, Jr., 9th President of the National Association of Social Workers. This association has been dedicated to providing the public with the best available social services to guarantee and to protect the health and welfare of all. These services must be administered and maintained by skilled professionals in social work. Setting aside March 11th as Human Services Day would serve both to honor Whitney M. Young, Jr., and to encourage the people to support the concept of "professional action for the public good."

Your Committee on Public Health, Youth and General Welfare concurs with the intent and purpose of **H. R. No. 285** and recommends its adoption.

Signed by all members of the Committee except Representative Wedemeyer.

SCRep. No. 771-72 Finance on **H. R. No. 338**

The purpose of this Resolution is to request the University of Hawaii to review its present bookstore ordering policy and to develop and implement the necessary measures to alleviate the present problems of inefficiencies in the ordering system.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 338** and recommends its adoption.

Signed by all members of the Committee.