

SCRep. 307 Agriculture and Higher Education on H.B. No. 836

The purpose of this bill is to appropriate \$93,000 in funds from the general revenues of Hawaii for vegetable research at the Maui Agricultural Research Station, Kula, Maui of the College of Tropical Agriculture, University of Hawaii in order to aid the State in its goal of self-sufficiency in vegetable production.

Your Committee on Agriculture finds that, although the Maui Agricultural Research Station at Kula was originally meant for vegetable production research, currently, there is no vegetable research scientists located on Maui.

The Maui vegetable growers have placed high priority on the following problems:

- (1) Spotted wilt-like symptoms affecting tomatoes (virus disease);
- (2) "Yellowing" effect on lettuce and chinese cabbage (nutrition);
- (3) Greenhouse tomato information needed (including structures, varieties and nutrition); and
- (4) Methods of injecting liquid fertilizer into irrigation water for field crops.

The College of Tropical Agriculture would propose to use the funds, if appropriated, to hire one assistant or associate researcher (R-3 or R-4) and one agricultural research technician IV at a total cost of \$60,000 for the biennium. Operational supplies, student help and intro-state travel would cost \$16,000. Equipment needed to start the program would be purchased with the remaining \$17,000.

Your Committees on Agriculture and Higher Education is in accord with the intent and purpose of H.B. No. 836 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Lunasco, Shito, Hakoda and Ikeda.

SCRep. 308 Agriculture on H.B. No. 1467

The purpose of this bill is to provide general revenue funds for the design, plans, construction and other necessary appurtenances of a loading dock and refrigerated and non-refrigerated containers for the improvement of the Kamuela vacuum cooling facility.

Your Committee on Agriculture recognizes that a fast efficient distribution system is just as essential to maintaining freshness in vacuum cooled produce as the vacuum cooling itself. Without adequate loading, hauling and shipping facilities, much of the benefits from vacuum cooling could be lost during product distribution.

It is strongly suggested that the proposed design and planning be expanded to include other improvements which may be required in the foreseeable future.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1467 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Lunasco.

SCRep. 309 Agriculture on H.B. No. 1460

The purpose of this bill is to hire additional staff for the pesticide residues research laboratory of the Hawaii Agricultural Experiment Station to assist in obtaining state registration for pesticide uses on minor crops in accordance with the requirements of the Federal Environmental Pesticide Control Act of 1972.

The College of Tropical Agriculture, Department of Agriculture, the H.S.P.A. Experiment Station, and the chemical industry strongly support this bill.

The results of a recent survey of pest problems in Hawaii's specialty or minor crops indicate that there are approximately 35 crops with an average of four pest problems each for control of which there are no registered pesticides. Thus, approxi-

mately 140 registrations are required presently to meet the needs of the farmers growing these crops. With the present complex Federal registration requirements, and with the staff presently available in the Pesticide Lab, it would take about thirty years to complete the laboratory work necessary for these registrations. Fortunately, EPA has agreed to less complex procedures for State registration plans. As a result, the State could meet the demand over a five year period by augmenting the staff of the Pesticide Residues Research Lab by three associate staff at a cost in the biennium 1975/77 of \$102,000.

Without registration of pesticides for minor crops, the State's diversified crop farmers will be faced with the non-availability of needed pesticides, which will adversely affect the production of many locally consumed fresh produce.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1460 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Lunasco.

SCRep. 310 Agriculture on H.B. No. 1068

The purpose of this bill is to provide general revenue funds to continue informational and promotional programs directed to the consuming public, both in the State and elsewhere relative to the qualities of commodities produced in Hawaii.

Your Committee on Agriculture and the Department of Planning and Economic Development recognize the effectiveness of the educational and promotional aspects of the agricultural fairs held throughout the State, particularly the annual State Farm Fair in Honolulu sponsored by the Hawaii Farm Bureau Federation.

The expending agency, Department of Planning and Economic Development, would seek assistance and advice of the Hawaii Farm Bureau Federation in the formulation of plans and programs relating to the State Farm Fair Program for which this bill provides \$30,000.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1068 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Lunasco and Yap.

SCRep. 311 Agriculture on H.B. No. 1067

The purpose of this bill is to appropriate out of general revenues of the State of Hawaii the sum of \$2,000,000, or so much thereof as may be necessary for the purpose of increasing the State Farm Loan Revolving Fund.

The Farm Loan Program has made between \$1.5 and \$2.5 million in loans yearly for the past few years. From July 1, 1974 through January 31, 1975, 42 loans for \$1.5 million were made.

The program has always been short of available funds during recent years. These shortages have been critical during periods of tight money. Back in 1961 the Farm Loan Division set as one of its goals to get outside sources of credit to establish their lending operations in Hawaii. The targets were the three Farm Credit Banks of Berkeley -- the Federal Land Bank, the Federal Intermediate Credit Bank and the Bank for Cooperatives.

The Federal Land Bank started their operations in December, 1963 and to date has a total of \$50 million. The Berkeley Bank for Cooperatives made their first loan in December, 1971 to the Hilo Coast Processing Company for \$15 million. Farm Loan was instrumental in working out a \$1.2 million equity package for the 418 independent cane growers to joint venture with C. Brewer in forming the processing company. The Bank for Cooperatives is looking at several other cooperatives for financing. The Federal Intermediate Credit Bank is now providing production and equipment loans through the Hawaii Production Credit Association which was chartered on November 14, 1973.

Farm Loan was instrumental in assisting the Intermediate Credit Bank with credit survey information and determining farmer interest. Since its Charter in November, 1973, the Hawaii PCA has built their outstanding loan commitments to \$14 million with outstanding loan balance of \$6.6 million.

The Farm Loan Division has been able to graduate some of our clients who are now borrowers of the Hawaii PCA. The more successful we are, the less State funds will be required. We believe it will be at least four to six years before many of present borrowers move up to the Land Bank, PCA and other sources of standard credit. This will allow the Department to concentrate more in the area of agricultural development.

Recently, loans to the livestock industry have increased significantly due to spiraling feed costs. Many of our poultry farmers are in a distressed state. The Program's shortage of funds has been adversely affected by the tight money situation and the spiraling inflation over the past two years.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1067 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Lunasco.

SCRep. 312 Agriculture on H.B. No. 947

The purpose of this Act is to obtain a supplemental appropriation of \$700,000 for the increased cost of planning and construction of statewide grain storage facilities.

Your Committee is in agreement with testimony by the Hawaii Farm Bureau Federation, the County of Hawaii and the Chairman of the Board of Agriculture that grain storage facilities would (A) provide the livestock industry with emergency supplies of feed and grain and (B) in time reduce feed and grain costs thereby encouraging expansion of the livestock industry leading to lower retail prices of island livestock products.

Your Committee feels that the integration of all phases of handling and storage of feed and grain supplies should be included in the design and construction of feed and grain storage facilities.

Your Committee recognizes that construction costs have risen since 1972, when the original appropriation for grain storage facilities was made. Your Committee does not believe that construction costs have risen by \$700,000 and, therefore, recommends a decrease in the amount of the appropriation by \$400,000.

Your Committee has amended this Act to provide a supplemental appropriation of \$300,000 which is sufficient to cover current construction cost increases.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 947, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Lunasco.

SCRep. 313 Agriculture on H.B. No. 933

The purpose of this bill is to provide funds for a grant-in-aid to the City and County of Honolulu Board of Water Supply, for improvements to the agricultural water supply in the Mikilua Valley, West Oahu.

Your Committee agrees with testimony presented by the Mikilua Farm Bureau, the Hawaii Farm Bureau Federation and the Board of Water Supply, City and County of Honolulu, that the Mikilua Valley water distribution system is inadequate to serve the agriculture and domestic needs of residents. The City and County of Honolulu has constructed a one and a half million gallon storage tank with a twenty inch line along Hakimo Road. This grant-in-aid replaces the obsolete two inch pipes with eight inch feeder lines sufficient to provide adequate agriculture and domestic water services and fire protection to this farming community.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 933 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Lunasco.

SCRep. 314 Agriculture on H.B. No. 945

The purpose of this bill is to provide general revenue funds for acquisition of facilities and equipment for the continuation and expansion of the insectology project of the Pamakani Control Project, Hawaii.

Your Committee on Agriculture recognizes that the noxious weed, Hamakua Pamakani, is one of the most devastating pest plant of upper pastures, particularly in the districts of North and South Kona. An estimated 130,000 acres are infested on the island of Hawaii.

The proposed facilities and equipment will greatly accelerate the breeding and release of imported and tested stem goll fly and other natural enemies of the Hamakua Pamakani. This facility can also be used to intensify efforts in other bio-control projects.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 945 and recommends that it pass Second Reading and referred to the Committee on Finance.

Signed by all members of the Committee except Representative Lunasco.

SCRep. 315 Judiciary on H.B. No. 1788 (Majority)

The purpose of this bill is to narrow the differential between the compensation afforded district judges and that afforded circuit judges.

The compensation of the district family court judges and district court judges would be raised from eighty to ninety percent of the circuit court judges.

The appropriation amount is blank because of another House Bill which concerns increasing the salaries of circuit court judges. Therefore the monetary impact is not known at the present time.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1788 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

Representatives Cobb and Sutton did not concur.

SCRep. 316 Judiciary on H.B. No. 1294

The purpose of this bill is to remove from the Correctional Industries program responsibility for the salaries of all the necessary State personnel in charge of the program.

Your Committee finds that the Correctional Industries program is required to finance its operations and also pay the salaries of the personnel in charge of such programs, even though those individuals are State employees. This may be the only instance whereby a State employee is not paid out of State general funds.

Such a system creates an undue burden on the program by draining needed funds away from actual operations. In effect, it defeats the intent and purpose of the Correctional Industries program. It prevents funds from being used for the benefit of the assigned inmates for more productive operations. It limits expansion and the purchase of needed supplies, equipment, and machinery. The hiring of additional personnel and technical help for the purpose of training the inmates is likewise restricted. If salaries were paid out of State funds, hiring teaching and technical personnel might be less difficult.

The lifting of this burden would greatly benefit the Correctional Industries program in reaching its goal of rehabilitating the inmate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1294 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yap.

SCRep. 317 Housing on H.B. Nos. 1343, 1761 and 1830

The purposes of the following bills are to appropriate Capital Improvement Project funds from the general revenues of the State of Hawaii.

1. H.B. NO. 1343 RELATING TO APPROPRIATIONS FOR THE HAWAII HOUSING AUTHORITY COMMUNITY RECREATION PROGRAM.

The purpose of this bill is to appropriate \$27,101.20 for a community recreation program. The funds are to be expended by the Hawaii Housing Authority.

2. H.B. NO. 1761 MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN MAUI COUNTY.

The purposes of this bill are to appropriate \$250,000 for improvements to the old Peahi Road pipeline from the Ulumalu-Peahi-Kaupakalua road junction westward to the Haiku-Kuiaha Road and Hana Highway junction area to be expended by the Department of Water Supply, County of Maui and to appropriate \$500,000 for the acquisition of eight acres on Molokai for elderly housing to be expended by the Hawaii Housing Authority.

3. H.B. NO. 1830 MAKING AN APPROPRIATION FOR KAMEHAMEHA, KAAHUMANU AND KALANIHUIA HOMES, OAHU.

The purpose of this bill is to appropriate \$1,120,000 or so much as may be necessary for various capital improvements projects in Kamehameha, Kaahumanu and Kalanihuiā Homes, Oahu. The amount appropriated to be expended by the Hawaii Housing Authority for the purpose of this Act.

Your Committee on Housing is in accord with the intent and purpose of H.B. Nos. 1343, 1761, and 1830 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Suwa, Hakoda, Ikeda and Larsen.

SCRep. 318 Consumer Protection and Commerce on H.B. No. 1449 (Majority)

The purpose of this bill is to make an appropriation for the purchase of equipment, and the hiring or contracting of necessary personnel for the operations of a State cable television channel.

Under the laws regulating cable television companies, companies issued a permit for the operation of cable television systems are required to make one channel available at no cost to the local, state, or federal governments. The appropriation provided for in this bill would allow the State the opportunity to take advantage of the potential for informing the public presented by cable television.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1449 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takamine, Uechi and Hakoda.

Representative Sutton did not concur.

SCRep. 319 Energy and Transportation on H.B. No. 1655 (Majority)

The purpose and intent of this bill is to appropriate funds for the purchase of one or more special hill climbing buses to serve the Waialae Nui Ridge and Aina Koa area.

Your Committee has considered the merits of the intent and purpose of H.B. No. 1655 and recommends that this bill pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Suwa, Ajifu and Evans.

Representative Kawakami did not concur.

SCRep. 320 Housing on H.B. No. 1542

The purpose of this bill is to amend Section 2, Act 3, of the Special Session Laws of Hawaii 1960.

This bill shall delete from the Special Session Laws 1960 the following:

"The proceeds of such bond sale, or so much thereof as may be necessary, are hereby appropriated to the county of Hawaii for the purpose of assuring and paying when needed, the amount of the local cash grant-in-aid for such redevelopment projects as may be required under any contracts for federal financial assistance for such projects."

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1542 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Suwa, Hakoda, Ikeda and Larsen.

SCRep. 321 Housing on H.B. No. 979

The purpose of this bill is to authorize the Hawaii Housing Authority to conduct a study of techniques used by mainland and foreign developers in the construction of homes.

Your Committee has heard the Hawaii Housing Authority testify in support of this bill but has requested that the funds be authorized from the Dwelling Unit Revolving Fund as provided for in Act 105, Session Laws of 1970; Chapter 359G, Hawaii Revised Statutes, instead of an appropriation from the general revenues of the state.

Your Committee upon consideration of this bill recommends the following amendments:

1. Section 1 be amended to authorize the expenditure of funds from the Dwelling Unit Revolving Fund as prescribed by Chapter 359G, Hawaii Revised Statutes.
2. Section 1 be further amended to require the Hawaii Housing Authority to report their findings of this study to your Committee on Housing upon its completion.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 979, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 979, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Suwa, Hakoda, Ikeda and Larsen.

SCRep. 322 Housing on H.B. No. 1693

The purpose of this bill is to exempt all rents and proceeds of housing projects assisted by the State from general excise or receipts taxes. Exemption coverage would also extend to all gross proceeds received by contractors of such housing or

housing projects.

The intent of the exemptions is to alleviate the tax burden faced by low-income families on purchasing housing. It clarifies the exemption for interim construction loans provided by the State to assist in low income families.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1693 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Suwa, Hakoda, Ikeda and Larsen.

SCRep. 323 Finance on H.B. No. 1187

The purpose of this bill is to repeal the graded tax rates feature of the real property tax law and to replace it with a single real property tax rate.

In 1963, the Legislature enacted Act 142 which provided for the differential tax rates in existence today. The intent of that Act was to encourage the development of vacant and under-developed lands throughout the State by classifying lands according to their highest and best use and then applying a higher tax rate on land than on improvements. Properties were classified into six classes of property: (1) residential; (2) hotel/apartment/resort; (3) commercial; (4) industrial; (5) agricultural; and (6) conservation. The differential tax rates provision was applicable to all classes except the latter two.

To encourage development, a portion of the tax burden was shifted from developed properties to underdeveloped properties through the use of differential rates. However, since this shifting was confined to properties within the same class, one of the results was that owners of smaller and older homes were subjected to a proportionately higher tax burden than owners of larger and newer homes. Therefore, to eliminate this undesirable feature, residential properties were separated into two groups: improved residential and unimproved residential. With this change, which took effect in 1970, land and buildings in the improved residential class were taxed at the same rate; however, unimproved residential properties were still subjected to differential rates along with hotel/apartment/resort, commercial and industrial properties.

However, the State Department of Taxation pointed to your Committee that the differential tax rate law has not been without some undesirable aspects:

1. Inequality among taxpayers in the same class resulting from the shifting of tax burden only within each class of land.
2. A complicated tax rate formula that the typical taxpayer finds difficult to understand.
3. Disregard of "open space" and "green space" concepts embedded in sound urban planning and zoning codes. Rather than applying pressure for maximum development, property owners should be encouraged to incorporate open spaces and green spaces with good designs and arrangements and they should not be penalized with higher tax rates for doing so.
4. Inequity among industries. Since land is subject to a higher tax rate, business activities which do not require intensive development of their lands (e.g. lumberyards, trucking companies, parking garages) are unnecessarily penalized.
5. It is contrary to the belief that the taxpayer should pay for the benefits received. Owners of vacant land pay taxes at a higher rate and yet they do not require as many of the services received by the other property owners.

Your Committee agrees that this bill will offset these undesirable features of the differential tax rate law and supports the intent of this bill to subject all land and improvements to a single tax rate.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1187

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 Kamalii.

SCRep. 324 Finance on H.B. No. 856

The purpose of this bill is to amend section 248-2, Hawaii Revised Statutes, to provide for the determination of real property tax rates by "category", rather than "classes" of property, and to allow the computation of the tax rate to the nearest cent.

Your Committee was informed by the State Department of Taxation that prior to 1969, land was grouped into one of the following classes for assessment purposes: (1) residential; (2) hotel/apartment/resort; (3) commercial; (4) industrial; (5) agricultural; and (6) conservation. Properties in all of these classes except the last two were subject to differential tax rates; the rates on the land were higher than those for buildings. The reason for this was to encourage the development of vacant and under-developed lands. However, this law created some inequities within the residential class. It was found that less expensive homes were subjected to proportionately higher taxes than the more expensive homes. To correct this inequity in 1969 the Legislature enacted Act 218 which divided residential lands into two classes--improved residential and unimproved residential. The improved residential class was then categorized with the agricultural and conservation properties and subjected to a single tax rate for land and buildings. At the same time, the unimproved residential class was categorized with the hotel/apartment/resort class. The intent was to continue to have these properties subjected to differential rates so as to encourage their development.

However, due to an oversight, the law was not amended to provide for the computation of tax rates by categories. As a result, unimproved residential properties are, in some cases, subject to lower tax rates than they would have been if they were classed with the other residential properties. This bill thus is to further correct the language in section 248-2 to compute the tax rates by "categories" rather than by "classes".

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 856 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 Kamalii.

SCRep. 325 Finance on H.B. No. 904

The purpose of this bill is to adjust the due dates under the real property tax law as they relate to the enactment of the annual county budget ordinances. The fiscal year of the various counties runs from July 1 to June 30. County budgets for this period are adopted in May or June preceding the fiscal year. The real property tax program, also runs from July 1 to June 30. Presently, the deadline for adopting the tax rates is October 26, nearly four months after the county fiscal year has started.

This bill would change the schedule of most of the real property assessment functions. Changes in the more important functions follow:

<u>Function</u>	<u>Current Schedule</u>	<u>Proposed Schedule</u>
Filing for home exemption	June 30 preceding the tax year	Dec. 31 preceding the tax year
Date of Assessment	July 1	Jan. 1 preceding the tax year
Notice of Assessment	August 31	March 15 preceding the tax year
Filing Appeals	September 25	April 9 preceding the tax year
Assessment List	September 30	April 19 preceding the tax year
Director's certification of values	October 5	May 1 preceding the tax year

Setting Tax Rates	October 26	June 20 preceding the tax year
Billing	Group I - November 5	July 20 (one group only)
	Group II - November 15	
First Payment	Group I - November 20	August 20 (one group only)
	Group II - November 30	
Second Payment	Group I - May 20	February 20 (one group only)
	Group II - May 30	

With the earlier assessment date, assessments and appeals can be processed and the Tax Director's certification of the tax base can be furnished by May 1 which precedes the counties' deadline for approving their budget. In turn, the tax rates can be set by June 20 preceding the fiscal year. A primary advantage of this bill is that the counties will receive the Tax Director's certification prior to their adoption of the budget. The counties will be able to project with a high degree accuracy the amount of real property tax revenue that will be produced by a specific tax rate. Also, tax payments will be due three months earlier and the counties would have use of the real property taxes earlier. Another advantage to the county council involves the deadline for the adoption of the tax rates. The rates would be set by June 20 instead of October 26.

Your Committee is aware that several problems will be created by the passage of this bill, but these will be of a temporary nature. During the transition from the current schedule to the proposed schedule, taxpayers will be required to make three payments within a nine-month period; this is due to the proposed change in payment dates. This effect will occur only in the first year. Also, a taxpayer must file a claim for exemption by December 31 in order for it to take effect for the next tax year which begins on July 1. However, if a taxpayer files a claim on January 2, the claim will not take effect for the ensuing tax year but will be effective for the subsequent tax year, eighteen months away. These temporary problems were carefully reviewed and your Committee is assured that no undue hardship or heavy burden would be imposed on many taxpayers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 904 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 Kamalii.

SCRep. 326 Consumer Protection and Commerce on H.B. No. 849

The purpose of this bill is to grant the purchaser of an individual life or disability insurance policy the right to return the policy without obligation within ten days of receipt. The purchaser will be liable, however, for actual medical examination expenses incurred by the insurance company.

Presently, most insurers will not allow the purchaser to inspect the insurance policy without obligation. Frequently, it is only after the policyholder has taken delivery of the policy and is committed to the purchase that he has ample opportunity to study it and determine whether the policy is really suited to his needs and financial ability to pay the premiums.

A life or disability insurance policy is a complex legal document which the policyholder may not fully understand during the negotiation stages. This bill would permit consumers to make more informed decisions relative to their insurance coverages and would encourage them to make a prompt review of any policy purchased. All too frequently, it is only after premiums have been paid for months or years and a loss occurs that the policyholder actually examines his policy to verify the coverage.

Your Committee has amended the bill as follows:

(1) Page 1, line 12 - deleted the words "delivery to" and substituted therefor the words "receipt by". The amendment makes clear that the ten-day return period begins after actual receipt of the policy by the purchaser.

(2) Page 1, line 15 - deleted the word "returns" and substituted therefor the words "mails or delivers". The amendment makes clear that if the policy is returned by mail, the purchaser meets the ten-day deadline if he mails the policy within the ten-day period even if the policy is received by the insurance company after the ten-day period.

(3) Page 2, line 4 - deleted the word "returned" and substituted therefor the words "mailed or delivered by the purchaser". The amendment conforms the bill to the amendment discussed in item 2 above.

(4) Page 2, lines 8, 9, and 10 - deleted the entire sentence beginning with the word "If" on line 8. The sentence is no longer needed because of the other amendments discussed above, giving the purchaser ten days upon receipt of the policy in which to cancel and providing that depositing the policy in the mail within the ten days meets the deadline.

(5) Made other amendments relating to form which have no substantive effect on the measure.

This bill will not impose any undue hardship on the insurance companies and will not significantly increase the workload of the Department of Regulatory Agencies.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 849, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 849, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 327 Consumer Protection and Commerce on H.B. No. 1086

The purpose of this bill is to repeal Section 281-78(a)(2) which prohibits the sale or delivery of liquor on election days during voting hours, except as permitted by rules of the liquor commission.

Your Committee finds that no good reason exists for the prohibition of the sale of liquor on election days and that the archaic notions that votes may be "bought" for drinks or that voters would not leave bars in order to vote are invalid when applied to present day voters, if indeed there was ever any validity to such beliefs.

Under the present law authorizing each county liquor commission to allow the sale of liquor during election days, the counties of Kauai and Maui have allowed such sales and no problems have been apparent.

Your Committee has amended the bill to correct a typographical error and made other amendments relating to form which have no substantive effect on the measure.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1086, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1086, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 328 Consumer Protection and Commerce on H.B. No. 1130

The purpose of this bill is to authorize the board of directors of a state chartered credit union to appoint one or more persons from among the general membership to serve as membership officers who may act upon applications for membership within limitations established by the board.

The Department of Regulatory Agencies recommended favorable consideration of the bill and submitted testimony stating that the authority granted by the bill is presently set forth in the bylaws of federal credit unions and is also contained in the Model Credit Union Act.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1130 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 Consumer Protection and Commerce on H.B. No. 142

The purpose of this bill is to require any merchant who accepts the return of goods or agrees to refund payment for any services to refund the full amount paid for such goods or services in cash.

Under the bill as originally drafted, the mandatory cash refund is applicable when the purchaser has paid for the goods or services in cash, by check, or by use of a credit card other than a credit card which is part of the merchant's own credit system.

According to testimony received by your Committee, some merchants accept return of goods but instead of a refund, give a credit which requires that another purchase be made to which the price of the returned goods will be credited. In such situations a consumer may be forced to make an unwanted purchase, and your Committee is of the opinion that the practice should be discouraged.

Upon consideration of this measure, your Committee has amended the bill in the following respects:

- (1) Refunds for services are deleted from the bill as services cannot be returned.
- (2) Only persons who sell goods at retail have been made subject to the provisions of the bill. As originally introduced, it would apply to wholesale as well as retail businesses.
- (3) As originally introduced, the bill did not apply to purchases paid for by charging the purchase price to the merchant's own credit system. Such purchases have been included within the scope of the bill.
- (4) In order to protect merchants from persons who may purchase goods with bad checks or stolen credit cards and attempt to obtain cash refunds, the bill has been amended to allow delay of refunds for purchases made by check until the check clears the bank on which it is drawn and to allow refunds for credit card purchases to be made by credit to the purchaser's credit card account.
- (5) Because some merchants may want to limit the time during which refunds will be made, the bill has been amended to allow merchants to so limit their refund policy provided signs are posted in the place of business notifying customers of the limitation as to the time when refunds will be made.
- (6) Because the bill does not require any merchant to accept the return of goods and the merchant's policy in this regard may affect a consumer's decision to make a purchase, the bill has been amended to require merchants who do not make refunds to post signs notifying the public of its no refund policy.
- (7) In order to protect merchants who make refunds from unreasonable demands, the bill has been amended to exclude goods which are damaged after sale, goods which are unsuitable for resale after any use, and goods which have been retained by the purchaser in excess of sixty days. Further, merchants may require proof of purchase of the goods at their business prior to accepting the return of goods and making refunds.
- (8) Your Committee believes that the provisions of this bill more appropriately belongs in Chapter 481B rather than Chapter 481A as originally provided, and the bill has been amended accordingly. In addition, violations of the provisions of the bill are declared to be unfair methods of competition and unfair or deceptive acts or practices under Section 480-2 to allow the Office of Consumer Protection to enforce the law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 142, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 142, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 330 Consumer Protection and Commerce and Judiciary on H.B. No. 336

The purpose of this bill is to increase the maximum liability of hotels for loss or theft of property in their custody.

Under present law, when a hotel provides a safe for the safekeeping of guests' valuables, the liability of the hotel for loss or theft is limited to \$250 unless otherwise agreed in writing. Further, as to property not within the guest's room but intrusted to the hotel, the hotel's liability is limited to \$50.

Your Committees believe that the \$250 and \$50 limitations are unreasonably low and has increased both these sums to \$500. In addition, in order to provide further protection to guests, the bill has been amended as follows:

(1) With regard to valuables placed in the hotel safe, the limitation of liability is contingent upon the hotel giving the guest a receipt clearly stating that the hotel's liability is limited to \$500 unless otherwise agreed to in writing.

(2) With regard to property intrusted to the hotel but not for safekeeping in the hotel safe, a provision has been added to the law allowing a higher liability on the part of the hotel by written agreement between the guest and the hotel.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 336, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 336, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 331 Agriculture on H.B. No. 356

The purpose of this bill is to amend Section 155-1, Hawaii Revised Statutes to include corporations that were incorporated in the State of Hawaii primarily for agricultural purposes and have been actively engaged in agricultural production for a minimum of two years, under the definition of "Qualified farmer".

This bill broadens the scope of the law to include corporations that are engaged primarily in agricultural production and increases the base of assisting firms that presently do not qualify under the program. This could also bring about more non-farmer investors to assist agricultural development in the State.

The two year stipulation will help the Department of Agriculture to review their capabilities regarding loan application.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 356 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 Yap.

SCRep. 332 Agriculture on H.B. No. 354

The purpose of this bill is to amend Section 155-1, Hawaii Revised Statutes, to standardize definitions of "farmer", "new farmer" and "bonafide farmer" which are acceptable to all agencies concerned.

At the present time, under Section 171-68 (2), a person eligible to apply for a farm as a "bonafied farmer" with the Department of Land and Natural Resources may not qualify for a farm loan under Chapter 155 with the Department of Agriculture. The definitions should be changed so that any farmer qualifying under Section 171-68 (2) can also qualify under Chapter 155 and vice versa. The proposed changes would make definitions compatible under both chapters to avoid confusion. The definition of a "bonafide farmer" under Chapter 171 would encompass the definition of a "qualified farmer" or a "new farmer" under Chapter 155. This does not mean that persons who are successful bidders for agricultural lands under Chapter 171 would be considered farmers.

Your Committee on Agriculture is in accord with the intent and purpose of H.B.

No. 354 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 Yap.

SCRep. 333 Agriculture on H.B. No. 352

The purpose of this bill is to amend Section 171-113 by redefining Agricultural Parks, to include any Agricultural complex which combines and concentrates in a common location agricultural activities for the purpose of production and distribution economies.

As presently defined, agricultural parks must concentrate "in a common location a number of agricultural activities." A literal interpretation of this definition has been a source of difficulty in the development of the agricultural park at Pahoia on the Big Island. The Pahoia lands are suitable for a rather narrow range of agricultural crops and it has been difficult to plan for the diversity of mix now required by law. Elimination of the wording, "a number," will eliminate the difficulty.

The second change proposed by House Bill No. 352 would delete the word, "planned," from the definition of ag parks. It is conceivable that the creation of ag parks in areas where important concentrations of agriculture already exist. Yet, because of the protection from urban encroachment that agriculture enjoys when within an ag park, it may be appropriate to create them in existing agricultural areas.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 352 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 Yap.

SCRep. 334 Labor and Public Employment on H.B. No. 1886

The purpose of this bill is to raise the number of exempt employees within the office of the lieutenant governor from six to eight.

The demands made upon the office of the lieutenant governor have increased so that the provision for "six" exempt employees has become a "ceiling" which restricts the lieutenant governor from hiring employees beyond that number. This bill, by raising the number of exemptions, would give the lieutenant governor more flexibility.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1886 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 Kamalii.

SCRep. 335 Education on H.B. No. 81

The purpose of this bill is to mandate the Department of Education to establish an agricultural program in the public elementary schools open to third, fourth, fifth and sixth graders.

Urbanization has made most of Hawaii's student population ignorant of the agricultural processes and its impact on our world today. However, with the recent tremendous rise in the cost of food, attention has been focused on food production and its effects on our economy.

Your Committee believes that students need to be made aware of the complexities of food production to better understand and appreciate the rising cost of food. The study of environmental and economic effects of commercial cultivation of lands will further promote awareness and understanding. Economic studies could include the study of marketing and banking.

Testimony presented on the neighbor islands revealed a lack or inconsistent planning of agricultural programs. School administrators, teachers, and students were unanimously in favor of promoting agricultural studies since land is available. With the phasing out of pineapple production on Molokai and a need to diversify agricultural

production, there has been renewed interest on the part of students. Agricultural classes will prove most relevant. Students also expressed a desire to learn gardening techniques for family consumption and self satisfaction.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 81, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 336 Finance on H.B. No. 7

The purpose of this bill is to appropriate moneys out of the general revenues of the State for the payment of certain claims for tax refunds, judgments and settlements, and other miscellaneous claims.

Your Committee heard testimony to consider claims under H.B. No. 845 as well as additional claims submitted to your Committee by the Department of Budget and Finance (letters dated February 19, and February 27, 1975) and by the Department of Taxation (letters dated February 27 and March 3, 1975).

Your Committee has reviewed the claims set forth in the provisions of H.B. No. 845 and the additional claims set forth in the letters from the Department of Budget and Finance and the Department of Taxation, and your Committee proposes that the claims approved by your Committee be consolidated and incorporated in one bill and your Committee has revised H.B. No. 7 for this purpose.

This bill as amended appropriates the total sum of \$53,947.85 representing 23 individual claims for legislative relief pursuant to section 37-77 and chapter 662, Hawaii Revised Statutes. Your Committee agrees that payment of these individual claims should be authorized by the Legislature.

Your Committee on Finance is in accord with the intent and purpose of H.B. NO. 7, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 7, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kamalii.

SCRep. 337 Finance on H.B. No. 1188

The purpose of this Act is to make an emergency appropriation out of the general obligation bond funds of the State in the sum of \$3,084,000 to be expended by the Department of Accounting and General Services, for the construction of Hamilton Library, Phase II, at the University of Hawaii Manoa Campus. The sum of \$3,084,000 is needed to supplement \$8,474,000 available funds to meet the project's total cost of \$11,558,000. The appropriation is recommended for immediate passage by the Legislature pursuant to Article VI, Section 5, Hawaii State Constitution.

The Hamilton Library, Phase II, project calls for the construction of a six-story building addition to the present library which would add 143,300 assignable square feet (173,500 gross square feet) of space to the library system on the Manoa campus. The space provided by the project would include space for readers, general collections, reference collections, special collections, technical services and administrative offices.

The low bid for the project exceeded the available funds by \$3,084,000 largely due to delays in implementing the project in a period of unprecedented increases in costs of construction because of runaway inflation. A call for new bids later in today's inflationary market would probably result in even higher costs. The bids for the project were scheduled to expire on February 15, 1975. However, Hawaiian Dredging & Construction Co., Inc., and its subcontractors agreed to hold the bid price effective until March 15, 1975. To meet the March 15, 1975 deadline for awarding the construction contract, your Committee agrees that emergency legislative action on H.B. No. 1188 should be taken immediately.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1188 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 Kamalii.

SCRep. 338 Culture and the Arts on H.B. No. 1713

The purpose of this Bill is to expand Section 103-8 to allow for transporting of works of art belonging to the State.

The law reflects that one percent of the original cost of construction of State buildings be allotted for purchases of works of art. The law is not broad enough to allow for transportation costs incurred when portable works of art are transferred within the State.

While it is important that funds be provided for transportation, this Bill as it now reads, does not include costs for maintenance and repairs, which are so critical for the life span of a work of art. These State purchased works of art, be it fixed or portable, would require such attention. Your Committee recommends that this Bill be amended to read as follows:

or may be used to defray costs of transportation and upkeep of works of art for exhibition in public facilities.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1713, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1713, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 339 Judiciary on H.B. No. 243

The purpose of this bill is to establish within each county a traffic control monitoring program for elementary schools which, in the opinion of the chief of police of the county, are located on dangerous thoroughfares.

Your Committee finds that many of the elementary schools of this state are located on busy thoroughfares that pose an imminent threat to the health and safety of each pupil attending such schools. The program would employ adults to protect those children who must face such traffic hazards in going to and coming from school.

Such a program is not intended to diminish, in any way, the role of the Junior Police Officer program, which will continue in full force. Rather, it is intended to complement it.

Your Committee recommends that in order to clarify the roles of the traffic control and Junior Police Officer programs, the bill be amended by adding to the last line of Section 1 (a) the following:

"Nothing contained herein shall be construed to diminish the role now performed by the Junior Police Officer program".

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 243, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 243, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 340 Higher Education on H.B. No. 1340

The purpose of this bill is to appropriate \$350,000 out of the general fund of the State of Hawaii in order to meet the major financial requirements of the Women's Intercollegiate Athletic Program at the University of Hawaii at Manoa for the 1975-77 biennium.

Title IX of the Equal Education Act of 1972 mandates that women must be provided equal opportunity and facilities as men athletes to participate in intercollegiate athletics. Such a provision requires a reliable and on-going monetary commitment from the State.

There is, out of the general fund of the State of Hawaii, a guarantee of a basic,

minimum income of approximately \$151,000 for the 1974-75 men's sports budget. Your Committee feels that consideration should be given to similar, dependable support for women's sports in order to comply with the legal requirements of Title IX.

In 1973, the House Higher Education's Standing Committee Report No. 60 strongly urged the implementation of a women's intercollegiate athletic plan which was submitted to your Committee by Dr. Donnis Thompson, present Women's Athletic Director.

Your Committee feels that passage of House Bill 1340 would be in keeping with the general purpose and intent as ascribed to in the Seventh Legislative Session, Regular Session of 1973.

Your Committee on Higher Education is in accord with the intent and purpose of House Bill No. 1340 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 341 Higher Education on H.B. No. 1304

The purpose of this bill is to appropriate funds for remodeling and renovating Hemenway Hall at the University of Hawaii Manoa campus into a multi-purpose complex for student activities and services. The intent of this bill is to provide facilities for current and projected student activity needs by remodeling and renovating an existing building instead of constructing a new facility at a significantly higher cost.

Presently, the Campus Center Phase I building serves as the central facility for student activities on the Manoa Campus. Included in the University's six-year Capital Improvement Program are plans for two additional student facilities (Phase II-A and Phase II-B) at a total cost of \$14,580,000. Hemenway Hall, the former student activities center, is presently used for a variety of service and program functions.

Your Committee has received testimony from the Associated Students of the University of Hawaii regarding the historical development of Campus Center Phase I, the existing University plans for Campus Center Phase II, and the recent development of alternatives to Phase II. Your Committee would like to stress pertinent points made by the ASUH Senate, the Phase II Planning Committee, and the Campus Center Board as a result of their review of plans for Campus Center Phase II and possible alternatives.

1. 1974/75 enrollment is lower than that of 1973/74. This reduces the fee support revenues for existing amortization and operations. There are currently no clear indications that point to rapid increases in enrollment.
2. Although the use of the new building has reached the saturation point in certain services and programs, there are alternatives to the major capital cost of Phase II projected to cost in excess of \$7 million.
3. Administrative mechanisms have prevented the level of staffing needed and budgeted for even after 10 months of operation, and this situation would be aggravated with the addition of a major floor area represented by Phase II.
4. As voters and taxpayers, the students and others involved in this decision could not in good conscience justify the major capital outlay at this time when a satisfactory and far less costly alternative is available.
5. Engineering studies of Hemenway Hall indicate that the building is structurally sound and has a potential life that would well justify the expenditure proposed in H.B. No. 1304.
6. A program plan for space allocation and uses of a refurbished Hemenway Hall is already at hand. The appropriate organizations are currently reviewing this together with some updated suggestions that would increase its usefulness to the campus and that would still lie within the appropriation sought in H.B. No. 1304.
7. Hemenway Hall is currently being heavily used by a wide spectrum of campus organizations and a variety of programs and services. These are somewhat hampered by building deficiencies (e.g., serious roof leaks--one essential

project under this proposal is the provision of a new roof structure and roofing). The proposed program plan also includes provision for additional food service areas, meeting rooms, and possible small auditorium space.

Your Committee finds it both sensible and fiscally responsible to renovate existing buildings rather than construct new ones, if the renovated facilities are capable of meeting existing and projected needs.

Therefore, your Committee recommends the remodeling and renovation of Hemenway Hall as the alternative to building Campus Center Phase II.

Your Committee is in accord with the intent and purpose of H.B. No. 1304 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 342 Higher Education on H.B. No. 1140

The purpose of this bill is to facilitate the expansion of various programs contained within the University of Hawaii Trio Project to areas in the State of Hawaii not currently serviced, so as to assist the various campuses of the University of Hawaii system to develop a continuum of educational supportive services to low-income disadvantaged individuals seeking post-secondary educational opportunities. Such services would include motivation recruitment, technical assistance with admissions and financial aid, pre-college preparation, and follow-up services on campus.

Presently, the University of Hawaii Trio Project is composed of three federally funded programs administered by the U.S. Office of Education, providing direct services to low-income disadvantaged individuals seeking access to or assistance within institutions of post-secondary education or training. These programs are: Talent Search, providing outreach services of counseling, motivation, encouragement and technical assistance to eligible individuals seeking to enroll in post-secondary institutions; Upward Bound, a two-year program of sequential academic, enrichment and guidance activities for low-income students who have the aptitude for college studies but lack sufficient preparation and encouragement; and Special Student Services, which provides comprehensive services to eligible students enrolled on college campuses. Currently operating with federal funding, the University of Hawaii Trio Project serves only the island of Oahu with staff located at the Manoa campus, Honolulu and Leeward Community Colleges.

Your Committee heard testimony from David Robb, Director of the University of Hawaii Trio Project, who described the functions and funding history of the three programs. Beginning in fiscal year 1973-74, in order to better utilize federal funds and to increase programmatic effectiveness and accountability, Talent Search, Upward Bound and Special Student Services were incrementally consolidated into the University of Hawaii Trio Project. Centrally administered, with the Project Director reporting to the Office of the Chancellor for Community Colleges, the Trio Project has been able to engage in a system wide approach for the provision of services to low-income disadvantaged students. Such centralized administration allows for system planning and the allocation of resources to meet the assessed needs of individual campuses. This bill would allow for the expansion of services in the University of Hawaii system beyond what can be provided for solely through federal funding. Areas in Hawaii, Maui/Molokai/Lanai, Kauai, Waimanalo, and Windward Oahu are to receive the expanded services.

Your Committee believes that expanding these services is a positive step towards fulfilling the State's commitment to equal educational opportunity.

Your Committee has amended the bill to include an appropriation sum of \$115,000.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. 1140, as amended herein, and recommends that it pass Second Reading in the form attached hereto and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 343 Higher Education on H.B. No. 819

The purpose of this bill is to provide for an appropriation for the continued support of Operation Manong, a tutorial program for immigrant children. The sums appropriated shall be expended by the University of Hawaii.

Your Committee believes that Operation Manong combines academic training, community practicum and direct services into an integrated program at the University of Hawaii. The community issue it addresses--educational needs of immigrant secondary and elementary students--is an important issue in the schools and the community-at-large. The program has effectively addressed a need of a clientele that is not well-served. Last year alone about 5,000 legal aliens migrated to Hawaii. There are currently 2,672 new immigrant children enrolled in Hawaii public schools with only one State-supported program in the schools, TESOL. Immigrant youth, local youth, teachers, counselors, and the community-at-large have yet to adequately address the problems as evidenced by fighting among and between local and immigrant youth, academic difficulties faced by immigrant youth, and the inability of the regular classroom teacher to understand and assist the immigrant child. Your Committee heard extensive oral and written testimony from UH students and faculty, immigrant students and parent, and community agencies who were positive in their support of the program and its ability to meet the needs of this clientele.

Your Committee finds that it is appropriate to house this program with the College of Education because it has the resources to provide academic counseling, supervision and assistance in various practicum courses, and implications for pre-service, in-service training of school personnel and curriculum development for bilingual and bicultural education. It is our understanding that the University students to be hired will be full-time students enrolled in various disciplines who will be required to take courses identified as relevant to their work with immigrant youth and will be working part-time in schools with high immigrant populations.

Your Committee also feels that this program is in an excellent position to engage in cooperative work with other units at UH (e.g., Indo-Pacific Languages, Asian Studies, SSLI), the Department of Education, and the State Immigration Service Center. With State funds appropriated to continue the program it will be in a good position to seek additional resources from the Federal programs in the area of bilingual/bicultural education and immigration assistance programs.

Your Committee has amended the bill to include an appropriation of \$146,258 for its continued operation during the 1975-77 biennium.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 819, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 819, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 344 Higher Education on H.B. No. 623

The purpose of this Act is to make an appropriation for the establishment of a Philippine Studies Program at the University of Hawaii.

Testimony received by your Committee reveals that a significant number of faculty, students, and community groups support the establishment of a Philippine Studies Program. Professor Walter F. Vella, Chairman of the Southeast Asian Studies Program, University of Hawaii, stated that the establishment of a Philippine Studies Program would strengthen the State's efforts toward achieving excellence in Southeast Asian Studies. He further noted that currently there exists no American center for Philippine Studies.

Your Committee also reviewed the findings of a recently released study on the feasibility of establishing a Philippine Studies Program in the University of Hawaii system which was conducted pursuant to Senate Concurrent Resolution No. 14, adopted by the Seventh Legislature during the 1974 Regular Session. The findings reveal that more than sixty faculty members have been identified as act ally or potentially involved in teaching and research on various aspects of Philippine Studies. A faculty survey further indicates that approximately twenty courses deal directly with the Philippines

in various academic disciplines, notably languages, at both undergraduate and graduate levels. Finally, the study points out that fifty-nine courses have been identified as having some Philippine context and twenty-two courses may have some reference to the Philippines and Filipinos.

Based on the testimony and the findings of the study, your Committee supports the Philippine Studies Program and recommends that it be placed within the University of Hawaii system. Your Committee believes that the program is within the purview of the University's objectives and that the University is in a favorable position to supply the needed human resources because certain elements of the program already exist in the University's academic program.

Your Committee has amended the bill to include an appropriation of \$254,805 for the establishment of the program.

Your Committee is in accord with the intent and purpose of H.B. No. 623, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 623, H.D. 1.

Signed by all members of the Committee except Representatives
Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 345 Higher Education on H.B. No. 453

The purpose of this Act is to make an appropriation to the State Higher Education Loan Fund.

The State Higher Education Loan Fund (SHELF) was established by the State Legislature in 1969 in order to provide low interest educational loans to financially needy, full-time students enrolled in degree programs. This program is a revolving fund administered by the Board of Regents governed by rules and regulations adopted by the Board in 1971. During the current academic year 1974-75, nearly 400 students are receiving assistance from the fund.

Your Committee is aware that the concept of the SHELF revolving fund was to capitalize on 5 million dollars in order to generate approximately \$500,000 of loanable funds. Dr. Peter Dyer, Academic Planner in the Office of the Vice-President for Academic Affairs, University of Hawaii System Office, said that the University of Hawaii originally estimated that it would take fifteen years to reach the required levels of capitalization if \$500,000 of new money was loaned to students each year. The University also projected that the collection rate would be regular and predictable and that the interest payments earned on collected loans would cover unpaid loans, thus minimizing any losses.

Your Committee heard further testimony from Dr. Dyer that the University has reassessed their projections and that the capitalization level will now take approximately 18 to 20 years before it reaches the level required for self-perpetuation.

Your Committee notes that the amounts loaned to students have not reached the anticipated \$500,000 in each of the previous six years but instead only \$1,600,000. In addition, the State Higher Education Loan Fund has only received appropriations of \$1,750,000 over the six years of which the Governor has released \$1,683,664.

Your Committee believes that in reviewing the progress of the program, less money is needed to fulfill the requirements as loans are being paid back sooner than expected and that many students are taking advantage of other sources of financial aids. Your Committee believes that an appropriation of \$325,000 for fiscal year 1975-76 is sufficient to carry out the purposes of the loan fund. Your Committee has amended the bill by providing such an appropriation.

Finally, your Committee also believes that the University of Hawaii should look into the manner in which they determine budgetary requests for students seeking the State Higher Education Loan Fund. Your Committee believes that several student elements such as the single emancipated students and married students do not receive equal consideration.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 453, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 346 Higher Education on H.B. No. 346

The purpose of this bill is to provide for research and development of tissue culture propagation techniques for food and forage crops. This activity is to be carried out by the College of Tropical Agriculture, University of Hawaii.

Presently, the propagation of food and forage crops through the use of tissue culture propagation techniques is limited to a few ornamental plants. Yet, the propagation of plants exactly true to parental stock is of vital importance to the production of high quality products, and is a necessary element to promote the State's objective of increased agricultural production. Seed and root cutting propagation cannot compete with tissue culture propagation in relation to reproductive rate. Additionally, adverse weather conditions, disease and insects, which render seed propagation performed in aseptic conditions.

A collateral benefit is the training that many students would receive in this area. There are few opportunities for training in this field. This program would provide students with the necessary training and it would qualify them for jobs after graduation.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 346, and recommends that it pass Second Reading, and be referred to the Committee on Agriculture.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 347 Higher Education on H.B. No. 1596

The purpose of this bill is to make an appropriation for the establishment of a paraprofessional program in occupational safety and health at the Honolulu Community College. This program is needed to provide the necessary manpower to implement chapter 396, Hawaii Revised Statutes, relating to occupational safety and health.

This program would begin in the fall semester of 1975. Students would come from Hawaii as well as from the Pacific basin area and the Orient. This program would also provide educational upgrading opportunities for persons presently working in this area but who do not possess sufficient formal preparation. Any graduate of the program would be awarded an associate of arts degree.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1596, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 348 Higher Education on H.B. No. 24

The purpose of this Act, as amended, is to amend the Hawaii Revised Statutes so as to allow the State of Hawaii to participate in the State Student Incentive Grant Program and make an appropriation for the program; amend the Hawaii Revised Statutes to allow the University of Hawaii to concurrently register a State Scholarship holder at two or more campuses without having to make use of two scholarship units; allow the University to set up other rules and regulations as may be required to administer the scholarship program; and to make an appropriation for the College Work-Study Program.

Your Committee has heard extensive testimony on the status of the financial aids program at the University of Hawaii. Your Committee finds as follows:

The purpose of the State Student Incentive Grant Program is to encourage the State of Hawaii to participate with the federal government in providing grants to substantially needy students. The program requires that the State funds match federal funds on a 50/50 basis.

Your Committee has heard testimony from Dr. Peter Dyer, Academic Planner, Office of the Vice President for Academic Affairs, University of Hawaii System Office, that the federal rules and regulations governing the program requires that the State provide some form of payment to the student to be used if the State of Hawaii so desires, for tuition at our campuses. A state tuition waiver or exemption does not meet the requirements set forth under this program. Your Committee recommends that an appropriation of \$90,000 for fiscal year 1975-76 and another \$200,000 for fiscal year 1976-77 be available so that the State of Hawaii can qualify for matching federal funds.

Concurrent Registration

Your Committee is aware that the Hawaii Revised Statutes currently does not permit concurrent registration at two or more campuses for a Hawaii State Scholarship holder without having to make use of two scholarship units. There are certain programs at various University campuses which require that a student register at more than one campus during the same semester in order to gain training in certain skills unavailable at the campus at which the student is seeking a degree. As an example, an individual who is training to become a vocational education teacher takes his professional education courses at the University of Hawaii Manoa and his technical skill courses at the Honolulu Community College.

Your Committee believes that a policy should be established which permits its students to enroll concurrently at two campuses provided that the course is a requirement of the student's degree program and if the course is not available at the campus at which the student is first enrolled as a degree seeking student.

Your Committee is also aware that the existing statutes recognize the dichotomy between the baccalaureate system and the community college system and require that financial aid units for each system be adjusted annually. The adjustments are based upon the ratio of full-time undergraduates in the baccalaureate system and to full-time undergraduates in the community college system. When a student is enrolled at both a community college and a baccalaureate college and is receiving financial aid, two financial aid units must be charged; one to the community college and one to the baccalaureate college. The result is that one less financial aid unit is available to the second campus at which the student is enrolled.

Your Committee supports amendments which will allow a campus which enrolls concurrent students, who are holders of State scholarships, not to count the exemption unit against its assigned quota of scholarship units.

College Work-Study Program (CWSP)

The College Work-Study Program (CWSP) was established by the Congress of the United States ten years ago. The University of Hawaii has participated every year since its inception. The purpose of the program is to provide financially needy students with the opportunity to work as part of their financial aid package. Students awarded College Work-Study Program employment perform a variety of jobs ranging from grounds-keeper to research technician and include clerk/typists, mailroom clerks, coding clerks, library aides and computer programmers and so on. Currently 935 students are employed throughout the University System, performing valuable and necessary services for their campuses.

During the 1973-74 fiscal year, the Manoa Campus and the Hilo College Campus of the University of Hawaii at Hilo failed to receive adequate allocations from the federal government to meet the needs of students qualifying for employment under CWSP. The Manoa Campus expected to receive \$450,000, but only receiving \$334,000. The 1974 State Legislature appropriated an additional \$50,000 to help the University to meet its ever expanding CWSP payroll. These funds helped preserve employment opportunities for 498 students at Manoa Campus and 90 students at the Hilo College Campus.

Your Committee further finds that more needy students are choosing to accept the offer of on-campus employment as part of their financial aid package. For example, at the Manoa Campus there currently are 498 financially needy students employed under CWSP, versus 313 a year ago, an increase of 59%. Your Committee finds that students are choosing on-campus jobs because a reduction in student jobs in the off-campus employment market, and the increase in the minimum wage, making on-campus jobs as attractive to students as off-campus in terms of both wages received and convenience.

Your Committee is also aware that the College Scholarship Service (CSS), the national need analysis service to which the University of Hawaii subscribes, has adjusted the expected family contribution figure downward. On the average, a student's family will be expected to contribute between \$500 and \$700 less next year than this year. The net effect of this adjustment will be to increase the need of students already on financial aid, and to add more needy students to the pool of eligible applicants for financial aid. It is expected that colleges and universities through their various programs of financial aid, will make up the difference. Employment seems to be the most acceptable form of financial assistance among our students.

Your Committee has heard testimony from the University of Hawaii that an additional appropriation of \$96,500 is needed to supplement the College Work-Study Program at the campuses requiring such funds. In making this recommendation for such an appropriation, your Committee expects the University of Hawaii to alter its policy on minimum wage and pay the student the state minimum wage.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 24, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 24, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 349 Higher Education on H.B. No. 1322

The purpose of this bill is to appropriate funds for the construction of Physical Education, Intramurals and Athletic Facilities, Phase I, for the Manoa Campus, University of Hawaii.

Your Committee finds that the needs of the students are not met by the present sports facilities at the University of Hawaii at Manoa. Students must now wait for lengthy periods to use the tennis courts; in other sports, students must wait late into the night to participate in intramurals. Physical Education courses are also limited in enrollment by the existing facilities.

Your Committee further finds that immediate construction of these facilities would help alleviate these problems.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1322 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 350 Higher Education on H.B. No. 1393

The purpose of this Act is to appropriate \$50,898 for a drywall apprentice program at Honolulu Community College, Oahu.

Testimony presented reveals that because construction processes are unique in Hawaii and because the State's construction industry has changed rapidly, especially in the drywall processes, there is a need to improve the drywall curriculum to reflect the changes of the industry. More specifically, locally produced audio-visual materials are needed for the drywall apprenticeship instructors to improve the present curriculum projects at Honolulu Community College, Oahu.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1393 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 351 Higher Education on H.B. No. 1458

The purpose of this bill is to provide funds for the management, administration and operation of the Canada-France-Hawaii Telescope Corporation in accordance with the Tripartite Agreement among the National Research Council of Canada, the Centre National de la Recherche Scientifique of France and the University of Hawaii.

Your Committee has found that the University of Hawaii administration inadvertently left out a request for the funds needed to match those contributed by other parties in the agreement.

Your Committee is in accord with the intent and purpose of H.B. No. 1458 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 352 Higher Education on H.B. No. 1768

The purpose of this bill is to appropriate funds to plan and construct a campus road, agricultural buildings, and a theater for Maui Community College. Funds are also to be appropriated for the maintenance of vocational education buildings.

Your Committee is in accord with the intent and purpose of H.B. No. 1768 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 353 Higher Education on H.B. No. 1798

The purpose of this bill is to provide an appropriation for the continuation of the programs of the Pacific and Asian Affairs Council.

Testimony presented before your Committee revealed that the Pacific and Asian Affairs Council (PAAC) provides a program of activities which promotes international awareness and understanding. In carrying out its purpose, the Council provides students, primarily in high schools, with an opportunity to supplement their formal education with experiential involvement in local and global issues. It also provides community service by making available opportunities for all segments of Hawaii's youth to work together, by providing resources and workshops for teachers to improve curriculum and awareness of Pacific and Asian affairs; by providing free films to enhance the public awareness of Pacific neighbors; and by providing opportunities for international students to visit Hawaii's schools and communities.

Your Committee recognizes the need to provide continuing education activities which supplement the school curriculum and which promotes our awareness of Pacific and Asian countries since the makeup of our society reflects many of the cultures of these societies.

Your Committee has amended H.B. No. 1798 by providing an appropriation of \$65,000 for the purposes of this bill. Your Committee has provided funding for only one year of the biennium since this would be the first year that the program will be under the auspices of the University.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1798, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 1798, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 354 Water, Land Use, Development, and Hawaiian Homes on H.B. No. 91

The purpose of this bill is to provide for a comprehensive historic preservation program through the development of a coordinated system, which would promote

the use and conservation of historic property for the education, inspiration, pleasure, and enrichment of the citizens of the State.

Testimony presented before your Committee revealed the need for revising the present historic preservation statute, Chapter 6, Hawaii Revised Statutes, to clearly define the roles and responsibilities of the various governmental agencies involved in historic preservation. Consequently, your Committee reviewed the statute and made the following findings.

Findings

Your Committee found that the present organization structure and the definition of responsibilities among the agencies involved in historic preservation was not conducive to the development of a comprehensive program. Your Committee further found that the historical development of chapter 6, Hawaii Revised Statutes, reflects piecemeal legislation enacted in response to federal legislation. In 1967, the legislature passed Act 254 which designated the Department of Land and Natural Resources as the agency responsible for historic preservation. Two years later, in 1969, Act 216 was enacted to provide procedures to be followed in archaeological and historic investigations made and findings discovered on public and private lands. In the same year, the Hawaii Foundation for History and the Humanities was established under Act 236. The purpose of the Foundation was to act as a depository of funds and gifts to be held in trust for the public in the preservation of Hawaiian history and heritage. In addition, the Foundation was authorized to review the work of the Department of Land and Natural Resources including its statewide survey and to cooperate and consult with the department on its functions under chapter 6, Hawaii Revised Statutes. The Foundation further became responsible for approving projects for nomination of historic sites to the National Register of Historic Places as required under the federal historic preservation law, Public Law 89-665.

Another amendment later established a separate review board within the foundation to order and enter properties into the Hawaii Register of Historic Places. The latest amendment occurred in 1974 when Act 251 amended the statutes of the Hawaii Foundation for History and the Humanities in order to clarify the exact nature of the Foundation. It further provided clarification of the review board and its relationship to the Department of Land and Natural Resources in supervising the selection of historic sites by the department.

Your Committee further found that, under present statutory provisions, county governments are not being effectively involved in historic preservation. In order to develop a fully comprehensive and coordinated program, your Committee feels that county involvement is vital in the planning, development and implementation of historic preservation programs.

Consequently, your Committee has amended H.B. 91 by repealing chapter 6, Hawaii Revised Statutes, and re-establishing its substance in a reorganized statute.

In addition, your Committee has clarified the roles and responsibilities of the various governmental agencies.

- (1) Policy statement. The bill provides a statement declaring it a "public policy of this State to provide leadership in preserving, restoring, and maintaining historic and cultural property and to provide that the State administer the historic property...in a manner consistent with the preservation and enhancement of historic property."
- (2) Definitions. A definitions section was provided. Such definitions include terms as "historic property," "historic preservation," and "project." These definitions are expected to provide greater clarity concerning the activities authorized under the chapter.
- (3) Mandatory program. The bill provides that the state historic preservation program be mandatory and that the Department of Land and Natural Resources establish such a program. Prior statutory language gave the Department the discretionary power to establish the program.
- (4) Powers of the Department of Land and Natural Resources. The bill provides clarification of departmental powers with respect to its role as the lead agency for the State in historic preservation.

- (5) State preservation officer. The bill provides for the establishment of a separate state preservation officer who shall be appointed by the Governor without regard to state civil service law and be responsible for the comprehensive historic preservation program and act as the state liaison officer for the conduct of relations with the federal government and other states. Under present statutory provisions, the state preservation officer is the chairman of the Board of Land and Natural Resources or his designated representative. Providing a separate authority to oversee the historic preservation program will provide stronger leadership in program development.
- (6) Depositories for specimens and objects. The bill provides for any qualified museum to be a depository for specimens. This provision allows for specimens and objects to be placed in museums throughout the State for the enjoyment of all the citizens of the State.
- (7) State title to historic property on state lands. The bill explicitly provides for the State to reserve to itself exclusive right and privilege of ownership and control over historic property located on lands or under waters owned or controlled by the State including leased lands. In the case of leased lands, an inclusion in the lease concerning such rights of access, public visitation, and other conditions or restrictions of operation, maintenance, restoration and repair may be prescribed by the Department to accomplish the purposes of historic preservation. In addition, the Department shall have control over historic property on publicly controlled lands and waters and issue permits for activities involving restrictions and covenants on such activity.
- (8) Review of effect of state projects. The bill requires all government agencies, state and county, to advise the Department of Land and Natural Resources of any proposed project which may affect historic property. Upon notification, the Department shall review the effect of the proposed project, particularly those on the Hawaii Register of Historic Places. Concurrence on the project is required by the Department before it can be commenced. If the Department does not respond within ninety days, the agency may seek approval of the Governor who may request the Hawaii Advisory Council on Historic Preservation to make a report on the matter, or the Governor may take action he deems appropriate.

The Department of Hawaiian Home Lands is required to consult with the Department of Land and Natural Resources prior to the commencement of any proposed project on historic property.

All agencies of the State and its political subdivisions are required to report to the Department any historic findings.
- (9) Funds for historic preservation activities. The bill provides for one percent of the appropriations for a public project to be expended for historic preservation purposes when such historic property is found on lands owned or controlled by the State or its political subdivisions. The one percent guideline does not preclude spending more than one percent of the appropriations, provided the department and the governmental agency involved agree.
- (10) Privately owned historic property. The bill requires private landowners of property on the Hawaii Register of Historic Places to notify the department of any construction, alteration, disposition or improvement of any nature which would affect the historic value of the property. The department is required to provide preservation recommendations. If the department determines that acquisition of the property is required, then the Governor may allocate from the contingency fund an amount sufficient to acquire an option on the property or for immediate acquisition. This provision, however, does not affect routine maintenance which does not alter the historic value of the property. Violation of this provision is punishable by not more than a fine of \$1000 or ninety days' imprisonment, or both. It also provides conditions and procedures under which the department may enter upon private lands to conduct activities relating to historic preservation.

- (11) Penalties. The bill establishes penalties for the taking, appropriating, excavating, injuring, destroying, or altering of historic property located on private lands without written permission of the owner, and for the same violation occurring on state owned or controlled lands without the permission of the department. Violations are punishable by a fine of not more than \$1000 or ninety days' imprisonment or both. Additional fines may be levied if historic property is damaged or destroyed. Each day of the violation constitutes a distinct offense. Equipment used in the commission of the violation shall be subject to seizure and disposed of in accordance with law.
- Reproductions or forgeries are unlawful if represented as the original. Violations are punishable by \$1000 fine or ninety days' imprisonment. Each object in violation of the provisions constitutes a separate offense.
- (12) Enforcement. The bill authorizes the Department of Land and Natural Resources to designate enforcement officers with powers of a police officer and full legal authority to enforce the provisions of the new chapter. Administrative officers of all state and county agencies shall cooperate and assist the department and the Attorney General in carrying out the provisions of the chapter. All enforcement agencies of the state counties shall enforce the chapter and carry out its intent. It also provides for the Attorney General to bring court action to restrain and enjoin violations or threatened violations of the chapter. Private citizens may bring action against the State or the counties or any person for the protection of historic property and the public trust from unauthorized or improper demolition, alteration or transfer of historic property.
- (13) County preservation activities. The bill authorizes the counties to establish historic preservation programs and the county councils may establish an historic preservation commission for these county activities. It also authorizes county councils to establish regulations, special conditions, or restrictions for historic preservation purposes.
- (14) Hawaii foundation for history and the humanities. The bill establishes a Foundation for History and the Humanities which shall be a nonprofit public corporation and headed by an eleven-member board of trustees elected from the membership for five-year terms. The chairman of the State Foundation on Culture and the Arts serves as an ex-officio voting member. Board members receive no compensation but are reimbursed for expenses incurred in their duties. The Foundation may employ an executive director and other personnel without regard to civil service laws. The Foundation is placed under the Department of Budget and Finance for administrative purposes. The duties of the Foundation include:
- * Preservation, research, restoration, presentation, museum activities, and support programs;
 - * Cooperation with and assistance to the Department of Land and Natural Resources in receiving sites, buildings and objects significant in Hawaii's history and culture;
 - * Hold and accept gifts, securities, grants, scholarships, endowments, private bequests, or other property for historic preservation and museum programs.
- This agency is also a depository for gifts to the State to help insure the Hawaiian heritage.
- (15) Review board within the foundation. The bill establishes a review board within the Foundation to order and enter and maintain historic properties into the Hawaii Register of Historic Places and evaluate and nominate historic properties to the National Register of Historic Places. The review board is also given powers to review the state survey of historic properties and the state preservation plan developed by the Department of Land and Natural Resources.
- (16) Support programs. The bill provides for the Foundation to develop a museum and museum activities support program including matching grants-in-aid, technical assistance and staff development and training, technical assistance for museum, educational, and operational program development.

- (17) Multicultural programs. The bill establishes a multicultural program under the Foundation to record Hawaii social and cultural history and to encourage ethnohistorical and multicultural activities. However, your Committee is aware of the provisions of H.B. No. 1256 which amends the provisions relating to multicultural programs contained in this bill. If H.B. No. 1256 is enacted, then the appropriate provisions in this bill shall be amended to conform with H.B. No. 1256.
- (18) Special account for the foundation. The bill authorizes the Foundation to establish a special account for depositing of monies received by the Foundation.
- (19) Exemption of foundation from certain state laws. The bill exempts the Foundation from Sections 36-27 and 36-30, Hawaii Revised Statutes, relating to special fund reimbursement to the state general fund and Sections 103-22 and 103-42, Hawaii Revised Statutes, relating to advertising for bids and purchases made by the Foundation.
- (20) Hawaii Advisory Council on Historic Preservation. The bill establishes a Hawaii Council on Historic Preservation composed of the state preservation officer, the president of the Foundation for History and the Humanities, the directors of transportation and planning and economic development, the comptroller, and four citizens appointed by the Governor and confirmed by the Senate. The council's duties are advisory and coordinative in mediating problems which may arise from conflicting projects affecting historic preservation. In addition, the council may submit reports requested by the Governor on projects affecting historic property on the Hawaii Register of Historic Places.
- (21) Monuments and memorials. The bill provides a listing of all monuments and memorials previously established with the appropriate provisions pertaining to operations included.
- (22) Transitional provisions. The bill provides for the transfer of officers and employees with the functions transferred under the Act to the newly established programs in historic preservation without loss of employee benefit. Provides for the transfer of all property, real and personal, with the functions transferred. All appropriations are transferred with the functions transferred. All other funds appropriated to state agencies for historic preservation purposes are transferred to the Department of Land and Natural Resources.
- (23) Modifications of provisions. The governor is authorized to modify the provisions of the Act so as not to jeopardize federal funding but required to report to the Legislature of the modification.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 91, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 91, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Abercrombie, Uechi and Ajifu.

SCRep. 355 Water, Land Use, Development, and Hawaiian Homes, and
Environmental Protection on H.B. No. 285

The purpose of this bill is to provide support for the 15th International Conference on Coastal Engineering by appropriating \$25,000, or so much as may be necessary, which shall be expended by the University of Hawaii.

Since this bill, by providing State support of the Conference, offers a more official State recognition to the Conference, your Committees urge the Committee on Finance to delete the \$25,000 requested in the Marine Affairs Program budget and included in the supplemental budget for the Conference.

Your Committees have amended the bill so that the Conference will be conducted from June 11 to June 17, 1976, as requested by the Marine Affairs Coordinator.

Your Joint Committees on Water, Land Use, Development, and Hawaiian Homes, and Environmental Protection, are in accord with the intent and purpose of H.B. No. 285, as amended herein, and recommend that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 285, H.D. 1.

Signed by all members of the Committee except Representatives Shito and Kamalii.

SCRep. 356 Health on H.B. No. 1002

The purpose of the bill is to protect and improve the health of the community by reducing and controlling public health hazards and diseases.

Your Committee has learned through testimony presented to it that a real need exists in the area of preventive suicide counseling and crisis intervention.

Testimony presented indicates that the Suicide and Crisis Center (SCC), a component of the Volunteer, Information and Referral Service, is currently fulfilling the need for services in this area. The SCC has been in operation for three years and City and County statistics show that the Oahu-wide suicide rate has decreased by a third between 1970-71 to 1972-73. The City has attributed this change to the existence of the Suicide and Crisis Center.

The SCC was previously funded by a grant from National Institute of Mental Health (NIMH) through the Kalihi-Palama Community Mental Health Center. Federal regulations preclude the expenditure of funds outside of the Kalihi-Palama catchment area for these purposes. NIMH will fund the 23% of the caseload which originates in Kalihi-Palama area. State funding is needed for the Oahu-wide program.

Therefore, your Committee has amended the bill to provide funds in the amount of \$15,832 in 1975-76 and \$38,000 in 1976-77 to the Suicide and Crisis Center (SCC) with the proviso that if additional NIMH funds become available, it shall be used to offset the State allocation.

Your Committee is in accord with the intent and purpose of H.B. No. 1002, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 1002, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Peters, Yamada and Ajifu.

SCRep. 357 Higher Education on H.B. No. 1732

The purpose of this bill is to permit the Community Colleges to establish a special fund to receive, disburse, and account for funds of special programs which are not part of the regular tuition program. This special fund will enable the Community Colleges to conduct special programs which are not general funded. These program include such activities as non-credit courses, off-campus courses, summer session, overseas programs and programs on the military bases.

Your Committee heard testimony from the Provost of Honolulu Community College and the Director of Community College Services that because of limited general funds and the controlled growth policy, many non-residents are not able to enroll in the regular tuition courses. However, under a special fund program, courses can be established on a pay-as-you go basis which will permit the Colleges to collect fees, according to Board of Regents policy, and disburse funds to instructors and pay other costs. Students enrolled in special programs would not be counted as part of the controlled growth policy.

This fund would permit the Community Colleges to be flexible in their programming. This will encourage greater utilization of facilities and expansion of programming off-campus without complete dependability upon general funds.

Your Committee has reviewed the provisions of the bill and recommends deleting the second and third paragraphs of the Section two.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1732, as amended herein, and recommends that it pass Second Reading

in the form attached hereto as H.B. No. 1732, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 358 Higher Education on H.B. No. 1342

Your Committee finds that the availability of on-campus jobs for students is of critical importance and that the number of students employed and the number of hours students are allowed to work have both decreased since 1972-73. Your Committee believes that this has had three adverse effects upon the University of Hawaii at Manoa and the University of Hawaii at Hilo: first, diligent students desiring to work in order to finance their education have been forced to either borrow money or "step out" for a semester or a year to earn money; second, for many practical experience in a student's chosen career field has not been possible; and third, many functions of the University, for example the library, have been severely impaired because of a reduction in student help funds.

Your Committee has amended the bill to include the sums of \$690,000 for University of Hawaii at Manoa and \$48,000 for University of Hawaii at Hilo. This appropriation will accomplish two critical objectives: earning opportunities for needy and industrious students, and measurably better and more responsive operations at UH Manoa and UH Hilo. Further, your Committee believes that the University's student wage scale should meet the state minimum wage beginning July 1, 1975.

It is the intention of your Committee that these appropriations be in addition to the student help appropriation request included in the executive budget.

Your Committee is in accord with the intent and purpose of H.B. No. 1342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1342, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Shito, Amaral, Hakoda, Ikeda and Larsen.

SCRep. 359 Education and Higher Education on H.B. No. 866

The purpose of this Act is to assess and levy a driver education fund underwriters' fee of \$1 a year on each insured motor vehicle, to be expended for driver education programs; to require DOE driver education and training program, where feasible, during regular school hours, in addition to the present after school, holiday, and vacation periods, which will offer academic credit, and be available to high school students after reaching 15 years of age and before graduation; to assign responsibility for conducting approved courses for instructors in driver education and training to the University of Hawaii; and to permit the waiving of the driver training fee upon the principal's recommendation.

Hawaii's high school driver education program has been hampered for years by the restriction that driver education be limited to after-school hours. Students have expressed a desire for a full-time driver education program with training during school hours for those who could not otherwise participate in the program.

A full-time program is also a requisite of National Highway Traffic Safety Administration Standard 4, Driver Education. Hawaii is deficient in this standard and is required by the NHTSA to correct this deficiency. The provisions of this bill would allow this.

The Hawaii No Fault Insurance Law will produce almost \$500,000 for a Driver Education on a levy of \$1 per vehicle annually. This bill would allow the Motor Vehicle Insurance Commission to allocate these funds to the State's High School Driver Education Program as well as the Court's Remedial Driver Training Program.

Your Committees are in agreement with the assignment of instructors training responsibility to the University of Hawaii, for this will permit the University to establish a program of training and to provide expertise and assistance to the Department of Education. Your Committees also support waiving the driver training fee upon the principal's recommendation, for this will permit equal opportunities for all students despite their financial capabilities.

Your Committees on Education and Higher Education are in accord with the intent and purpose of H.B. No. 866, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Medeiros.

SCRep. 360 Higher Education and Culture and the Arts on H.B. No. 1724

The purpose of this Bill is to appropriate funds to conduct a feasibility study of a program in Hawaiian Studies at the University of Hawaii campuses, including the community colleges.

Your Committees have amended the bill to include the sum of \$25,000.

Your Committees on Higher Education and Culture and the Arts are in accord with the intent and purpose of H.B. No. 1724, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1724, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Segawa, Carroll and Kamalii.

SCRep. 361 Higher Education and Health on H.B. No. 345

The purpose of this bill is to assist residents of Hawaii to obtain a dental education. This is to be accomplished through the establishment of a "Hawaii Dental Education Plan" which would allow the University of Hawaii to enter into agreements with dental schools. These contracts would reserve slots for applicants who are residents of the State of Hawaii. The state would appropriate a specified amount per student, half of which would go to the student for tuition with the remaining being received by the school to defray the cost of the education.

Your Committees believe that in our attempt to provide educational services to the residents of the state, we must provide them the opportunity to attend professional schools in the fields of their choice. Higher education leading to any of the professional schools must be encouraged. The establishment of a law and medical school has demonstrated our commitment to this goal.

Your Committees believe that dental services are urgent and ongoing necessities to our community. However, the costs for the establishment of a dental school would be very prohibitive at this time. Dental school costs run four to five times those of a medical school. Hawaii applicants seeking admittance to mainland dental schools are faced with the problem of being considered on a lower priority than resident students of the state where the school is located in. The proposed program would reserve slots for Hawaii residents at dental schools accredited by the American Dental Association, thereby assuring residents of having their applications being considered equally. The applying student would be a resident of Hawaii and would meet the entrance requirements of the school participating in the plan.

Your Committees agree with the intent of H.B. No. 345 and recommend that the bill be amended to have one half of the student's education cost payed by the State directly to the participating school, and have the remaining half of the cost payed by the student at the resident tuition rate. Your Committees have also amended the bill to include the sum of \$175,000 for the 1975-1977 biennium. Your Committees recommend that \$5,000 per student be expended by the State. The program should accommodate 10 students during the first year of the program and an additional 15 students during the second year of the program.

Your Committees on Higher Education and Health are in accord with the intent and purpose of H.B. No. 345, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 345, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takamura, Yuen, Abercrombie, Blair, Peters, Yamada, Mizuguchi, Ajifu, Amaral, Clarke and Larsen.

SCRep. 362 Education on H.B. No. 1486

The purpose of this Bill is to establish remedial reading pilot programs in the leeward and windward school districts which will offer summer tutoring to public school students with reading difficulties. The Department of Education will organize the program and qualified public school teachers will administer the program. The teachers shall evaluate and report to the Legislature not later than four months after the completion of the initial program on the success of the program.

Your Committee finds that there is a need for summer programs to augment the reading programs during the school year. It is felt that the evidence is sufficient to warrant a pilot project.

Your Committee recommends two amendments to the Bill. In Section 1 on line 6, the title of the Hawaii English Program is capitalized. The second amendment is in Section 2 (a) where the windward district is added to the leeward district as participating districts in this program.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1486, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 363 Education on H.B. No. 1608

The purpose of this Bill is to appropriate monies for the purchase of library books for the Maui school district.

Education is, in part, based on reading. In order to expand the learning capacities and opportunities of the children of the State, it is of vital importance that reading materials be available to them. Your Committee believes that the educational opportunities of the Maui school district can be enhanced by the purchase of library books.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1608 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 364 Education on H.B. No. 1691

The purpose of this Bill is to provide an appropriation for in-service training for parents and volunteers so that they are better equipped to assist students with the reading programs. The Department of Education is requested to submit a comprehensive report to the Legislature on the development of the program prior to January 21, 1976.

Your Committee believes that reading programs are more effective when these programs are complemented by parent or volunteer assistance. There have been some successful programs which are heavily dependent upon parents and volunteers. Many parents would like to help and be a part of their children's learning processes, but lack familiarity with the different educational deliveries of reading programs. Through this in-service training, these parents and volunteers could become better equipped to complement the school's reading programs.

Your Committee offers one amendment to the Bill. In paragraph one, line three, your Committee replaces the word "federal" with the word "volunteer" to make the statement correct. The Reading Improvement Services Everywhere project is conducted by volunteers and is not a federal program.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1691, H.D.1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 365 Education on H.B. No. 1729

The purpose of this Bill is to provide the fullest educational opportunities for students in the Leeward School District by providing support for their reading improvement programs.

No element of education is more essential than learning to read. Success in school is dependent to a large extent upon the student's ability to learn from the written word. Statistics reveal that reading achievement scores for students in the Leeward District are below state and national norms.

Recognizing that reading skills are an essential part of the learning process, the Leeward District has systematically emphasized improvements of each school's reading program for three years. During the first year, schools assessed their ongoing reading programs; during the second year, schools examined and worked on selected operational areas; and during the third year, schools followed up on their selected operational area as well as determined specific student gains accomplished by the school, grade level or department. As a result of the three year effort to improve reading, teachers exhibited a greater interest in seeking more information on diagnostic tests; greater initiative was generated by teachers in the prescription of suitable instructional materials for their students; increased teacher motivation to develop skills in the instruction of reading surfaced; and administrators assumed increased responsibility for curricular management.

However, the present funding does not allow the Leeward District to implement their plan for the improvement of reading skills. This Bill would provide the funding that is necessary to provide the children of the Leeward District with a reading improvement plan that is tailored to their specific needs.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1729 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 366 Education on H.B. No. 318

The purpose of this Bill is to appropriate a sum of money for the development of a comprehensive program of Hawaiiiana in the elementary and secondary schools. The Department of Education is requested to institute in-service training for teachers as well as submit a report of its progress on this program to the Legislature twenty days prior to the convening of the 1976 legislative session.

Your Committee finds that the teaching of Hawaiiiana is not as comprehensive and consistent as it could be and believes that the development and implementation of a statewide program developed by the Department will correct this situation. As in all states, the teaching of the history and culture of each state is held as a very valuable and necessary program.

Your Committee offers an amendment to Section 1 of this Bill. Your Committee finds that it would be advantageous to expand upon the definition of Hawaiiiana so as to facilitate the implementation of this program. Your Committee also requests that the Department of Education submit a report on its progress with this program to the Legislature twenty days prior to the convening of the 1976 legislative session.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 318, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 318, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 367 Youth and Elderly Affairs, and Environmental Protection
on H.B. No. 1312

The purpose of this bill is to appropriate the sum of \$25,000, or so much thereof as may be necessary, to be expended by the Department of Land and Natural Resources, so that the State of Hawaii may qualify for additional matching Federal funds to implement a Youth Conservation Corps program.

To accomplish this program, authorized under Public Law 91-378, the Department of Land and Natural Resources has proposed a 5-day resident camp on Hawaii from June 15 to August 8, 1975, and is planned for 30 youths (15 boys, 15 girls) between 15-18 years of age.

Your Committees on Youth/Elderly Affairs, and Environmental Protection are in accord with the intent and purpose of H.B. No. 1312 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cobb, Shito, Kamalii, Ikeda, Larsen, Medeiros, Oda and Sutton.

SCRep. 368 Judiciary on H.B. No. 1180

The purpose of this bill is to increase the compensation of precinct officials from \$35 to \$45 for each election, and the chairman of the precinct officials from \$45 to \$55 for each election.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1180, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 369 Water, Land Use, Development, and Hawaiian Homes, and Environmental Protection on H.B. No. 1867

The purpose of this bill is to provide statutory authority that would satisfy the requirements of Section 6(c)(1, 3, 4 and 5) of Public Law 93-205, also known as the "Endangered Species Act of 1973" and will qualify Hawaii to enter into a cooperative agreement with the U.S. Department of Interior. Such an agreement would:

- (1) preclude Federal pre-emption of Hawaii's authority to regulate the "taking" of resident threatened or endangered fish or wildlife and
- (2) make Hawaii eligible to receive Federal grant-in-aid funds up to two-thirds of approved program costs.

Part II of Chapter 191 (Act 49 of 1972) which is limited to indigenous birds and mammals only is repealed. This bill will preserve and conserve Hawaii's plant and animal life, particularly threatened and endangered species.

In order to continue the emphasis on indigenous species, as prescribed in Act 49, your Committees have amended the bill on line 8 of page 7 by inserting the word indigenous and a comma after the word "of" and before the word "threatened." There is also a typographical error on the same line. The word "endanger" should be "endangered." Line 8 now reads: "the conservation of indigenous, threatened or endangered species of wildlife."

Your Committees on Water, Land Use, Development, and Hawaiian Homes, and Environmental Protection are in accord with the intent and purpose of H.B. No. 1867, as amended herein, and recommend that it pass Second Reading and be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 1867, H.D. 1.

Signed by all members of the Committee except Representatives Cobb, Ho, Kihano, Lunasco, Roehrig, Shito, Ajifu, Clarke, Kamalii, Larsen and Oda.

SCRep. 370 Water, Land Use, Development, and Hawaiian Homes on H.B. No. 611

The purpose of this Act is to facilitate the arrest procedures for the Foresters and Forest Rangers enforcing the Division of Forestry rules and regulations and statutes.

At present, the Foresters and Forest Rangers in arresting violators, physically takes the violators to the district police station where the violation occurred and "books him" for the alleged violation. This is time-consuming.

This summon or citation system will expedite the arresting procedure because the arresting officer need not physically take the alleged violator to the district police station.

Your Committee recommends an amendment for the purposes of carrying out this Act. Such amendment would be as follows:

Page 2, beginning from line 11 to page 4, line 19 is deleted and amended to read:

"(b) In the enforcement of laws, rules and regulations relating to forestry coming within the scope of chapters 183, 185, 187 to 192 or promulgated thereunder, the state forester, his agents, any assistant forester and forest ranger shall have the power to arrest, issue summons and citation in the same manner as provided in 184-5.1 and 184-5.2 for state park enforcement officers, as well as the provisions of Section 184-5.3 for a person who fails to obey summons."

For the purposes of consistency, your Committee also recommends that this Act should be further amended as follows:

Page 2, line 20: "(4)" is deleted and "(1)" is inserted.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 611, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 611, H.D. 1 and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives
Abercrombie, Machida, Roehrig, Yap, Fong, Ikeda and Larsen.

SCRep. 371 Consumer Protection and Commerce on H.B. No. 823

The purpose of this bill is to permit the sale of casualty insurance on a group or mass merchandising basis.

Presently, Hawaii insurance laws prohibit the selling of casualty insurance on a group or mass merchandising basis. This bill defines group casualty insurance and repeals those sections of the law prohibiting the mass merchandising of such insurance.

Testimony by the Department of Regulatory Agencies and others who favored this measure pointed out that the passage of this bill would result in premium reductions, better claims handling and improved services to policyholders. The Department of Regulatory Agencies also recommended that property insurance be added to the coverage of the bill.

Your Committee finds that this bill will benefit many insurance buyers in the State and further finds that property insurance should also be allowed to be sold on a mass merchandising basis.

However, your Committee believes that the bill should be amended to more comprehensively regulate mass merchandising of casualty and property insurance. Accordingly, the bill has been amended to add a new part to Chapter 431 which:

- (1) Defines mass merchandising plan to include the sale of property as well as casualty insurance on a group basis;
- (2) Prohibits discriminatory premium rates;
- (3) Permits lowering of premiums based on reduction in expenses;
- (4) Prohibits compulsory participation in group plans;
- (5) Requires disclosure to prospective insureds of all features of the group plan;
- (6) Provides for maintaining statistics and prohibits the use of more restrictive underwriting rules by an insurer for group plans as compared to policies sold on other than a mass merchandising basis; and
- (7) Requires the insurer to maintain a claims processing office in this State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 823, H.D. 1, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives
Roehrig, Takamine, Fong and Medeiros.

SCRep. 372 Higher Education on H.B. No. 1842

The purpose of this bill, as amended, is to enable the Board of Regents to establish appropriate admission fees for the aquarium.

Your Committee has held a public hearing on this bill, received testimony from the Marine Affairs Coordinator, the assistant to the Marine Affairs Coordinator, and a Marine Science instructor at Kamehameha Schools, and finds as follows:

1. The statute limiting aquarium fees (established in 1919) is outdated. Since 1919, operation and maintenance costs have risen considerably. Under existing limitations, admission fees cannot reflect increased costs or increased services. The adjustments of aquarium admission fees in accordance with public demand, public need, and services rendered should come under the purview of the Board of Regents of the University of Hawaii.

2. A special fund for aquarium fees should not be created at this time. Operations for the aquarium should be funded out of the general revenues of the State. Future increases in aquarium revenues as a result of this Act may in turn be reflected, if deemed appropriate by the Legislature, in increased appropriations to the aquarium.

Therefore, your Committee recommends that the Board of Regents establish appropriate fees for admission to the aquarium, and that the revenue from these fees be returned to the State general fund.

Your Committee has amended the bill to reflect the intent and purpose of the aforementioned recommendations.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1842, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Blair, Machida, Segawa, Yuen, Amaral, Hakoda and Santos.

SCRep. 373 Higher Education on H.B. No. 1328

The purpose of this Act is to appropriate funds out of the general revenues of the State for the establishment, development, and maintenance of a five-year action program for cancer control center at the Cancer Center of Hawaii, University of Hawaii. The funds shall be matched by a grant from the National Institute of Health.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1328, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1328, H.D. 1.

Signed by all members of the Committee except Representatives
Blair, Machida, Segawa, Yuen, Amaral and Hakoda.

SCRep. 374 Higher Education on H.B. No. 1344

The purpose of this Act is to appropriate funds for the continuance of the Hawaiian Students Research Project. The appropriation is for a program director, stenographer, student help, and other operational costs to continue the project as a permanent University program and expand its culture workshops into communities. The objectives of the program are to identify the reasons that some groups of Hawaii's populations underutilize post-secondary educational opportunities, to develop services for these students, facilitate their access to University resources, and to advocate for respon-

siveness to their special needs within the University system.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1344 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Abercrombie, Blair, Machida, Segawa, Yuen, Amaral and Hakoda.

SCRep. 375 Higher Education on H.B. No. 1330

The purpose of this Act is to appropriate funds out of the general revenues of the State for implementation of the Radiation Oncology Program of the Cancer Center of Hawaii, University of Hawaii. The funds shall be matched by a grant from the National Cancer Institute.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1330 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Blair, Machida, Segawa, Yuen, Amaral and Hakoda.

SCRep. 376 Higher Education on H.B. No. 1556

The purpose of this Act is to appropriate funds for the planning, demonstration, and evaluation of projects dealing with the Pan Pacific Education and Communication Experiments Satellite.

This system provides experimental communication which assists a wide variety of public non-commercial agencies such as health and medical institutions, educational institutions, and government agencies. It can improve communications between Hawaii and small islands in the Pacific, support epidemic and disaster control and protection for the resources, and further the development of Hawaii as an education and training center.

This Act permits the continuation of the demonstration system for 1975-76. A proviso on the expenditure of funds is provided to ensure that proper coordination is arranged with international and other jurisdictions.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1556 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Blair, Machida, Segawa, Yuen, Amaral, Hakoda and Santos.

SCRep. 377 Higher Education on H.B. No. 1730

The purpose of this bill is to create a child development center at the Honolulu Community College for the 1975-77 biennium. The program will accomplish two goals: first, trainees selected for the program will become competent in planning and implementing programs for groups of young children; second, children in the program will gain physical, social-emotional, cognitive, and language skills appropriate to their stage of development.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1730 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Blair, Machida, Segawa, Yuen, Amaral, Hakoda and Santos.

SCRep. 378 Higher Education on H.B. No. 686

The purpose of this bill is to provide for the continuation of those aspects of the

Career Opportunities Program at Honolulu Community College pertaining to Educational Assistants.

Your Committee finds that in the fall of 1972, Honolulu Community College secured the services of 20 educational assistants to help individualize and improve the quality of the college's instruction. In addition, veterans and individuals with low-income backgrounds were attracted to the program and urged to continue careers in education.

Your Committee is in agreement with the intent of this bill and has amended it to include an appropriation sum of \$183,600 for the biennium.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 686, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 686, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Machida, Segawa, Yuen, Amaral, Hakoda and Santos.

SCRep. 379 Higher Education on H.B. No. 409

The purpose of this Act is to combine under the administration of the Commission on Aging the University of Hawaii's programs for free credit and non-credit courses for senior citizens, and to appropriate out of the general revenues of the State the sum of \$159,600 for the 1975-77 biennium.

The Commission on Aging at the beginning of this fiscal year instituted with federal funds a free tuition program for senior citizens for non-credit courses at the University of Hawaii, College of Continuing Education and Community Service. The program was initiated to supplement the Tuition Exemption Program for credit courses that the College implemented with State funds appropriated by the Seventh State Legislature in 1974.

Your Committee finds, in concurrence with the findings of the Committee on Youth and Elderly Affairs as expressed in Standing Committee Report No. 292, that the current separation of programs makes for difficulties in administration. Therefore, your Committee recommends placing the two programs under one administration.

Your Committee has amended the bill by specifying that the implementing agent of the University of Hawaii be the College of Continuing Education.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 409, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 409, H.D. 2.

Signed by all members of the Committee except Representatives Blair, Machida, Segawa, Yuen, Amaral, Hakoda and Santos.

SCRep. 380 Consumer Protection and Commerce on H.B. No. 1873

The purpose of this bill is to change the renewal of professional and vocational licenses from an annual to a biennial basis.

Presently, professional and vocational licenses are required to be renewed annually. This administration measure would provide for biennial renewal of such licenses. The bill would also stagger the renewal periods of two of the larger regulatory boards, real estate (11,734 licenses), and nursing (8,336 licenses), to spread out the renewal workload on the Department of Regulatory Agencies. Under the bill, the real estate board will commence biennial renewals in January, 1976; four smaller boards in February, 1976; two in May, 1976; and fourteen in July, 1976. Eleven boards will annually renew in 1976, and in 1977 these boards will commence biennial renewal.

The Department of Regulatory Agencies testified that changing to a biennial renewal system would help to relieve the workload placed on the department in processing renewals and would help to alleviate their present manpower shortage. Further, there would be no loss in revenues as the bill doubles the present annual renewal fees.

Your Committee has made various clarifying amendments to the bill as follows:

(1) Section 35 of the bill, page 50, lines 8 through 12, delete the entire sentence beginning on line 8 and substitute the following:

"The fees to be paid by any person upon the issuance of the original or initial permit, certificate or license shall be the fee as provided for in the applicable statutes or the rules and regulations of the board and one-half of the biennial renewal fee if application for such permit, certificate or license is made during the first year of the biennium; if application is made within the second year of the biennium, the fee shall be the original or initial fee as provided for by statutes or the rules and regulations of the board."

This will provide for prorating the original or initial license fee so that the person applying for a license in the second year of the biennium will be paying a smaller fee than the person applying in the first year of the biennium.

(2) Section 29 of the bill, page 37, add a provision amending Section 465-8 to conform to the biennial renewal system.

(3) Section 30 of the bill, page 39, add a new provision amending Section 466-5, subsection (a) to conform to the biennial renewal system.

(4) Section 30 of the bill, page 39, add a new provision amending Section 466-6 to conform to the biennial renewal system.

(5) Section 31, page 43 and page 44, delete the present language which pertains to annual renewal of licenses.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1873, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1873, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Roehrig, Takamine, Fong and Medeiros.

SCRep. 381 Consumer Protection and Commerce on H.B. No. 1759

The purpose of this bill is to permit landlords to proceed immediately with eviction procedures in situations when tenants house an unreasonable number of persons not named in the rental agreement for an unreasonable period of time.

H.B. No. 1759 amends Section 521-69 of the residential landlord-tenant code by adding a new section which entitles the landlord to pursue his remedies in situations mentioned above without the necessity of providing an allowance of time to the tenant to remedy the noncompliance. The bill does not restrict the right of the tenant to extend, in a reasonable manner, the use of the premises to friends, relatives, and acquaintances.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1759 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 382 Consumer Protection and Commerce on H.B. No. 423 (Majority)

The purpose of this bill is to amend the Hawaii Insurance Law, Hawaii Revised Statutes, Sections 431-420(e) and 431-420(f)(8) to facilitate and encourage the availability of so-called package or multi-peril policies covering commercial risks.

Existing law requires the separability of premiums and cancellation as to the component parts of total coverage. This effectively prohibits the marketing of commercial multi-peril policies in Hawaii. This bill will repeal these prohibitions.

Act 57, Session Laws of Hawaii 1971, eliminated such prohibitions for homeowners

policies. This bill extends the same opportunity for comprehensive coverage and maximum premium savings to Hawaii businesses on their commercial risk exposures.

Your Committee finds that commercial multi-peril policies have been available in most states for over fifteen years. National acceptance of these package policies by businesses is evidenced by an increase in countrywide premiums written for this coverage from \$55.6 million in 1960 to an estimated \$2.9 billion in 1974. Hawaii is apparently the only state in the country effectively prohibiting businesses from obtaining the advantages of broader coverage, premium savings, and better claims services via commercial multi-peril policies.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 423 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Sutton did not concur.

SCRep. 383 Consumer Protection and Commerce on H.B. No. 428

The purpose of this bill is to provide for uniform penalties for knowing and willful violations of various provisions of the Hawaii Motor Carrier Law and to provide for a citation procedure for violations of the law.

Under the present law, Section 271-27, Hawaii Revised Statutes, sets forth the penalties for various knowing and willful violations of the Motor Carrier Law. Although all of these violations are classified as misdemeanors, the fine for the various violations differ. This bill would provide for identical penalties as provided for in the Hawaii Penal Code for all the misdemeanors enumerated in Section 271-27. Under the Penal Code, misdemeanors are punishable by imprisonment of not more than one year and a fine not exceeding \$1,000.

The present law also provides for a penalty of \$100 and \$50 for each additional day of a continuing violation regardless of willfulness. This bill amends this provision to make clear that such penalties are civil penalties.

The bill also provides for an arrest and citation procedure which is consistent with the present procedures followed in the district courts.

Your Committees have amended the bill by replacing the word "shall" on page 5, line 7, with the word "may". This change will allow discretion in the imposition of the civil penalty as there may be cases in which a technical violation occurs which does not warrant the imposition of the civil penalty. Other amendments have been made to correct typographical errors.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 428, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 428, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 384 Finance on H.B. No. 480

The purpose of the bill is to provide financing or refinancing of health facilities through the issuance of revenue bonds by the Department of Budget and Finance. Federal IRS code exempts from federal income tax, interest on bonds issued to finance facilities where the user of the facility is a nonprofit corporation. However, bonds themselves must be issued by a governmental body. Specifically, the issuance of bonds under this bill would provide financing and refinancing for expansion or renovation of existing health facilities. The health facility would pay the State for the amount of the bond issuance and interest on such bonds.

Federal Hill-Burton funds for the construction of needed health facilities have been substantially reduced, and there is indication that allotment to states will be decreased further. Issuance of tax-exempt revenue bonds would serve a dual purpose in ensuring availability of capital improvement revenues at a low interest expense to private non-

profit institutions while simultaneously relieving pressure on the state general fund in providing supplemental appropriations or grants-in-aid.

Your Committee agrees with the general purpose of this bill. However, your Committee proposes that the following changes be made:

(1) delete the words "or desirable" on page 2, lines 19 and 20 in reference to certification by the department of health; and

(2) change the word "fifty" to "forty" on page 15, line 17, to reduce the maximum term authorized for the bonds.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 480, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 480, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 385 Finance on H.B. No. 11

The purpose of this bill is to transfer the statute revision and publication of laws program from the Office of the Revisor of Statutes to the Legislative Reference Bureau.

The intent is to increase efficiency of legislative service agencies. It proposes to reorganize the statute revision and publication program by combining it with related legislative services that are rendered by the office of the Legislative Reference Bureau. The Office of the Revisor of Statutes as a separate agency is to be abolished and all of its functions are to be transferred to the Bureau. The appointing and approving power of the supreme court over the Revisor will be terminated.

The Director of the Bureau will become the "revisor of statutes" (or "revisor"), thus preserving the designation recognized among the various states for the official charged with the statute revision program. However, the Director will have authority to delegate his responsibilities as revisor.

The Bureau will be responsible for:

- (1) The publication of the session laws;
- (2) The publication of supplements to the revised statutes;
- (3) The review of annotations to the revised statutes; and
- (4) The continuous revision of the statutes of Hawaii.

In carrying out this program, the Bureau will have the same authority given to the present revisor to enter into contracts with or without regard to the laws governing public contracts or public printing. Distribution and sale of the laws will remain under the lieutenant governor.

Noncivil service employees (the revisor and two assistant revisors) will be transferred to the Bureau. Civil service employees (two clerks) will be given the option of remaining in civil service by shifting to positions in the judiciary or transferring to positions in the bureau exempted from civil service. No loss of any other right of public employment will result from this reorganization of the office of the revisor.

Chapter 2, Hawaii Revised Statutes, is to be repealed, but similar provisions will be added as a new part to the chapter which governs the Bureau (chapter 23G).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 11 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 386 Finance on H.B. No. 372

The purpose of this bill is to increase the maximum amount of bid deposits acceptable from banks, to accompany bids received by the State for the performance of public contracts.

Your Committee was informed that the 1973 Legislature amended section 103-28, HRS, to permit a contracting officer to accept bid deposits in the form of certificates of deposit, cashier's check and certified checks drawn on banks insured by the Federal Deposit Insurance Corporation, regardless of location. Maximum amount was established at \$20,000 in keeping with the limit of FDIC coverage. Federal legislation, P.L. 93-495, effective November 27, 1974 increased FDIC limit to \$40,000. This bill proposes that state requirements conform to the federal legislation.

The purpose, intent and meaning of section 102-6 is identical to section 103-28, hence it is requested that both sections be amended in order to be consistent.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 372 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Kamalii.

SCRep. 387 Finance on H.B. No. 1184

The purpose of this bill is to amend section 431-318, Hawaii Revised Statutes, to require insurance companies to pay their premium tax on a monthly, quarterly or annual basis.

At present, all insurers are required to pay their premium taxes annually, on or before March 15th following the calendar year during which the taxable premiums were written. In his 1974 Audit Report of the Department of Regulatory Agencies, the Legislative Auditor called attention to the fact that the annual payment of premium taxes not only deprives the State of potential interest earnings on the revenue but affords the insurers preferential treatment over most other businesses which are usually required to pay the general excise tax on a monthly basis. During 1974, the State Insurance Division collected over \$9.5 million in premium taxes on 1973 Hawaii business. It is readily apparent that had this sum been collected and invested on an installment basis, the State could have earned a very substantial amount of interest.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1184 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 Kamalii.

SCRep. 388 Finance on H.B. No. 13

The purpose of this Bill is to amend the real property tax law provisions relating to the dedication of land for residential use.

Presently, certain land parcels may be dedicated for residential use if the land is situated where the land use zoning has changed to a higher than residential use. The term owner is restricted to a person sixty years of age or older who is a fee simple owner or who is a lessee of real property where the lease term is 10 years or more. The dedication is limited to a parcel of land not more than 10,000 square feet in area.

This bill will extend the residential dedication to any fee simple owner, by eliminating the age restriction, and by allowing parcels for single family dwelling residential use, regardless of size to be so dedicated within hotel/apartment/resort or commercial zoned lands.

The term of the period is clarified, and automatic renewal for ten year periods is authorized. The cancellation procedure no longer requires five year notice but may still be exercised by either the owner or the Director of Taxation. The penalty provisions are also revised to fix the date of retroactive assessments and the percentage penalty is raised from "eight" to "ten". Section 146-12.3, Hawaii Revised Statutes, is accordingly amended, and sections 146-12.4 and 146-12.5 are repealed.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 13, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 13; H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 389 Finance on H.B. No. 436

The purpose of this bill is to adopt for state income tax purposes certain amendments to the Internal Revenue Code made by Public Law 91-172 and Public Law 92-178.

When the Hawaii Income Tax Law was enacted in 1959, the Legislature intent was to conform the law as closely as may be with the Internal Revenue Code. Whenever, amendments are made to the Internal Revenue Code, conforming legislation is necessary by the State to incorporate the amendments as state income tax provisions. The provisions to be incorporated by this act are as follow:

- (1) Charitable Contributions. To increase the charitable deduction from 30% to 50% of adjusted gross income, to reduce the contribution for appreciated property, and to deny deduction for use of property by a charitable organization. PL 91-172, sec. 201(a)(1), (a)(2)(A), (b), (c), (e) and (f).
- (2) Recapture of Depreciation Upon the Sale of Livestocks. To recapture post-1974 depreciation as ordinary income upon the sale of livestock. PL 91-172, sec. 212(a)(1), (a)(2), (b)(1) and (c)(1).
- (3) Activities Not Engaged in for Profit. To provide a hobby loss rule which allows a limited deduction for losses incurred by an individual or pseudo-corporation on an activity not engaged in for profit. The activity is presumed to be engaged in for profit if it shows profit in at least 2 out of 5 consecutive years (7 in case of horse racing, breeding or showing) before or after the current loss year. PL 91-172, sec. 213(a), (b) and (c).
- (4) Moving Expenses. To allow self-employed individuals the deduction for moving expenses, to increase the 20-mile test to 50 miles, and to allow new deductions for pre-move housing hunting trips, temporary living expenses at new job site for a period up to 30 days and certain expenses related to sale of the old residence. PL 91-172, sec. 231(a), (b) and (c).
- (5) Restricted Property. To provide that if an employee receives restricted stock or property for services performed, the gain is taxed in the first taxable year when the employee's interest in the restricted property becomes transferable or when it is no longer subject to a substantial risk of forfeiture. PL 91-172, sec. 321(a), (b) and (c).
- (6) Treatment of Excess Distributions by Trusts. To provide for a special capital gain throwback rule for taxing beneficiaries receiving accumulated distributions by trusts. PL 91-172, sec. 331(a), (b) and (c).
- (7) Interest on Indebtedness Incurred by Corporation to Acquire Stock or Assets of Another Corporation. To limit the amount of interest a corporation is allowed to deduct on "corporate acquisition indebtedness" of another corporation. PL 91-172, sec. 411(a) and (b).
- (8) Installment Method. To make available installment reporting for a registered, coupon, or other evidence of indebtedness issued by a corporation or other governmental body, in the year-of-sale payments. PL 91-172, sec. 412(a).
- (9) Stock Dividends. To incorporate the changes made in T.D. 6990, relating to distributions of stock dividends. PL 91-172, sec. 421(a).
- (10) Loss of a Small Business Investment Company. To provide that small business investment companies may continue to receive capital gain and loss treatment on the sale of bonds, notes, or other evidence of indebtedness. PL 91-172, sec. 433(b).
- (11) Public Utility Property. To require public utility companies to depreciate property used to certain specific methods of depreciation. PL 91-172, sec. 441(a).
- (12) Effect on Earnings and Profit. To require corporations to use only the straight-line method of depreciation in computing their earnings and profits. PL 91-172, sec. 442(a).
- (13) Capital Losses of Individuals. To limit the allowance of capital losses to only

50% of the excess of net long-term capital loss over net short-term capital gain to be used against ordinary income. The \$1,000 limitation on the amount of capital losses shall continue to apply. PL 91-172, sec. 513(a), (b), (c).

(14) Income on Sales of Literary Property. To treat gain on sale of letters, memorandums, or similar property prepared by or for the holder or donee as ordinary income rather than as capital gains. PL 91-172, sec. 514(a) and (b).

(15) Lump-Sum Distributions from Employees' Plans. To tax that portion of the distribution representing the employer's contribution as ordinary income. PL 91-172, sec. 515(a), (b) and (c)(1), (c)(2), and (c)(3).

(16) Treatment of Certain Casualty Losses. To require that casualty gains and losses be netted, regardless of the type of asset and regardless of whether it is insured or not. A net casualty loss can be deducted from ordinary income, while net gain is treated as a Section 1231 gain to be combined with other Section 1231 gains or losses. PL 91-172, sec. 516(b).

(17) Treatment of Franchises, Trademarks and Trade Names. To treat the transfer of a franchise, trademark or trade name as ordinary income rather than capital gain. PL 91-172, sec. 516(c).

(18) Real Estate Depreciation and Recapture. To restrict the use of certain accelerated depreciation methods for real estate under Section 1250, IRC, and to provide for recapture of accelerated depreciation when Section 1250 property is sold after 1973. PL 91-172, sec. 521(a) through (f).

(19) Qualified Pension, etc., Plans of Small Business Corporation. To provide limitations on contributions to self-employed retirement plans (Act 117, HB 839, of the 1967 Legislative Session) by small business corporation. PL 91-172, sec. 531(a), (b) and (c).

(20) Casualty Losses - Reimbursement for Increased Living Expenses. To provide exclusion from income any insurance reimbursements for living expense resulting from damage to taxpayer's home by a casualty. This exclusion is limited to the excess of actual living expenses incurred over the normal living expenses. PL 91-172, sec. 901(a) and (b).

(21) Fines and Penalties, and Bribes and Illegal Kickbacks. To provide that no tax deduction be allowed for payment of any bribe or illegal kickback to a public official or government employee, no tax deduction for any fine or penalty paid the federal or state, local or foreign governments, and no deduction for any kickback, rebate, or bribe by any provider of services, supplier, physician or other person who furnishes services under either medicare or medicaid. PL 91-172, sec. 902(a) and (b).

(22) Corporations Using Appreciated Property to Redeem Their Own Stock. To provide that a corporation will realize a gain when it distributes appreciated property to redeem its own stock. PL 91-172, sec. 905(a) and (b).

(23) Sales of Certain Low-Income Housing Projects in Hawaii. To provide that gain from the sale of low-income housing project may be deferred if the seller acquires, builds or reconstructs another "qualified" housing project within one year. PL 91-172, sec. 910(a), (b) and (c).

(24) Foster Child as Dependent. To allow the foster parent to claim exemptions for dependent foster children on the same terms as for natural children. PL 91-172, sec. 912(a).

(25) Replacement of Property Involuntarily Converted Within a 2-Year Period. To provide two years in which to replace involuntarily converted property. PL 91-172, sec. 915(a).

(26) Class Life System of Depreciation. To eliminate the use of a "75% first year convention," to include real property and foreign property in the class life system, and to provide transition rule for depreciation of subsidiary assets. PL 92-178, sec. 109(a), (b), (d) (1)(2) and (e).

(27) Limitations on Carryovers of Unused Capital Losses. To curb the tax incen-

tive for acquiring carryover of unused capital losses of a failing corporation by applying the limitation to their use by the acquirer. PL 92-178, sec. 302(a) and (b).

(28) Amortization of Certain Expenditures for On-The-Job Training and for Child Care Centers. To permit a taxpayer to elect to amortize over a 60-month period capital expenditures incurred in acquiring or constructing on-the-job training or child care facilities. The amortization of such property applies only to qualified expenditures made after December 31, 1973 and before January 1, 1978. PL 92-178, sec. 303(a) and (c).

(29) Capital Gain Distributions of Certain Trusts. To clarify capital gain distributions as provided in item (6) above. PL 92-178, sec. 306(a) and (b).

(30) Bribes, kickbacks, Medical Referral Payments. To amend provisions in item (21) above to provide that no deductions is allowed for any payment made directly or indirectly to any person if the payment is an illegal bribe, illegal kickback under any law of the U.S. or any law of a state which subjects the payer to a criminal penalty or the loss of license or privilege to engage in business. PL 92-178, sec. 310(a).

(31) Activities Not Engaged in for Profit. To clarify statutory presumption as provided in item (3) above. PL 91-172, sec. 311(a).

(32) Sale or other disposition of a term interest in property. For purposes of determining gain, if the term interest was acquired by gift or bequest, Public Law, 91-172, section 516 (a), requires that Code Sections 1014 and 1015 be disregarded. Consequently, the term interest will have a zero basis and the entire amount received upon its sale will be taxed. However, this zero basis rule does not apply where the life tenant and the remainderman sell their interests simultaneously so that the entire interest in the property is transferred to others. Interests which are covered by this rule are: (1) life interests in property, (2) interests in property for a term of years, (3) income interests in trust.

Your Committee has requested that the State Department of Taxation submit a complete list of Internal Revenue Code amendments and that an explanation be given where amendments have not been recommended for adoption by the State. However, your Committee agrees that this bill is in order and action on this bill need not be deferred pending submittal of the requested list.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 436 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 Kamalii.

SCRep. 390 Water, Land Use, Development, and Hawaiian Homes, and
Environmental Protection on H.B. No. 1624

The purpose of this bill is to restore to the shoreline setback law, two classes of prohibition that were omitted in error when the law was amended in 1974.

As amended in 1973, Section 205-33, Hawaii Revised Statutes, prohibited the following three classes of actions or structures in the shoreline area:

- (a) removal of sand, coral, etc.
- (b) new shoreline structures, and
- (c) replacement of shoreline structures

In 1974, subsection (a) was amended to permit a sandmining project and in the drafting procedure subsections (b) and (c) were inadvertently deleted.

Your Committees have amended the bill by correcting a typographical error on page 2, line 21, where "nonforming" should read "nonconforming." The word "shall" on lines 16 and 18 of page 2 has been amended to "may" in order for the county planning departments to determine whether the construction should be permitted or not. Line 16 through line 18 now read: "June 22, 1970, may be permitted; provided further that any structure which is necessary for safety reasons or to protect the property from erosion or wave damages may be permitted. A".

Your Committees on Water, Land Use, Development, and Hawaiian Homes, and Environmental Protection are in accord with the intent and purpose of H.B. No. 1624, as amended herein, and recommend that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 1624, H. D. 1.

Signed by all members of the Committee except Representatives Cobb, Ho, Kihano, Lunasco, Roehrig, Shito, Ajifu, Clarke, Ikeda, Kamalii, Larsen and Oda.

SCRep. 391 Water, Land Use, Development, and Hawaiian Homes on H.B. No. 1441 (Majority)

The purpose of this Act is to prohibit the taking, catching, injuring, killing or destroying, or attempting to do so, of any game bird, game mammal or wild bird at night.

Also provided for is the confiscation of hunting gear and other equipment used or possessed while violating the above section.

There presently exists regulations that prohibit hunting activities. This Act would extend this prohibition to all lands in the State, both private and public and thus increase protection of the animals involved and minimize the hazard to humans.

Poaching and night-hunting without permission are especially prevalent on the outer islands. This illegal activity was recently brought to light when a poacher was accidentally shot and killed in the darkness by his companions who thought he was a wounded deer.

Your Committee suggests an amendment to read as follows:

Line 5 - 10 are deleted and the following section inserted to read:

(a) Except for agents or employees of the Department of Land and Natural Resources on official duties and other persons who may be authorized in writing by the Department, it shall be unlawful for any person to hunt, pursue, capture, take, injure, kill or possess any game bird, game mammal, or wild bird at night. For the purpose of this section, "night" means the period between one-half hour after sunset and one-half hour before sunrise. Violation of this section is a misdemeanor.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1441, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Abercrombie, Machida, Yap, Fong, Ikeda and Larsen.

Representative Lunasco did not concur.

SCRep. 392 Water, Land Use, Development, and Hawaiian Homes on H.B. No. 826

The purpose of this Act is to enlarge Diamond Head State Monument to include all the State lands within or adjacent to the monument with the exception of the area occupied by a structure.

If an area is not occupied by a structure, such as a parking area, storage yards and firing ranges, in active use for the purposes originally disposed of, it shall be included within the Diamond Head State Monument and be integrated with the total plan for the monument.

The large area within the crater and under State jurisdiction is one of the last open spaces within urban Honolulu. Your Committee feels that any future use of the crater should be predicated on the principle that the open space within the crater should be preserved, and that the crater should be open to the general public for park, recreational, historic and cultural use.

This act will strengthen the parks program of the Department of Land and Natural Resources, and will also provide for appropriate planning for the Diamond Head area.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 826 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 Abercrombie, Machida, Roehrig, Yap, Fong, Ikeda and Larsen.

SCRep. 393 Water, Land Use, Development, and Hawaiian Homes on
H.B. No. 1528

The purpose of this Act is to repeal Chapter 71, relating to artesian well control in the district of Honolulu.

Chapter 71 is redundant and is no longer necessary because its purpose is adequately covered by other existing legislation.

In addition, repeal of Chapter 71 will eliminate contradictory provisions regarding the transferring of wells to the city and county of Honolulu.

Your Committee feels that the responsibility of maintaining and sealing private wells rests with the owner. The owner should not be allowed to avoid the responsibility by transferring his well to the city.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1528 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 Abercrombie, Machida, Roehrig, Yap, Fong, Ikeda and Larsen.

SCRep. 394 Labor and Public Employment on H.B. No. 1734

The purpose of this bill is to empower the graduate student council, which is the graduate student organization of the University of Hawaii at Manoa, to be the official spokesperson for graduate assistants at the University of Hawaii and to represent the graduate assistants' interests to the University of Hawaii. The graduate assistants must, after the passage of this bill, determine whether or not to ratify such representation and authority.

Your Committee has amended this bill by deleting the items for which the graduate student council would negotiate and providing in its place that this council would represent the graduate assistants' interests. Your Committee has further amended this bill by providing a period of one hundred eighty days for the graduate students to determine whether or not to ratify the authority of the graduate student council.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1734, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1734, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 395 Consumer Protection and Commerce and Judiciary on H.B. No. 1854

The purpose of this bill is to increase the maximum allowable fine for violations of injunctive orders to cease and desist from violating State antitrust laws. This bill raises the maximum allowable fine from \$2,500 to \$10,000.

The current maximum fine for such violations amount to little more than a relatively cheap license fee when compared to the potential for gain by continuing anti-competitive activity. The prospect of a harsher penalty for violating such injunctions will hopefully discourage businessmen from violating an injunctive order to cease and desist from violating our antitrust laws.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 1854 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 396 Consumer Protection and Commerce on H.B. No. 147

The purpose of this bill is to regulate the sale and purchase of silver, gold, and platinum for investment purposes.

The bill as originally introduced accomplished this purpose by amending the Uniform Securities Act (Modified) to include persons engaged in the business of effecting transactions in bullion for investment purposes within the definition of "dealer" in that Act.

Upon consideration of this measure, your Committee believes that placing bullion dealers within the scope of the Uniform Securities Act is inappropriate because under that Act bullion dealers would be subject to regulations and restrictions that have no relevance to the sale of bullion.

However, your Committee recognizes the need for regulation of the sale of silver, gold, and platinum and has, therefore, amended the bill to provide safeguards for consumers without unduly burdening bullion dealers.

The bill, as amended, provides for:

(1) Mandatory registration of all bullion dealers with the Department of Regulatory Agencies. A bullion dealer is defined as any person who engages in the business of selling or buying silver, gold, or platinum in the form of bars or ingots.

(2) Refusal to register and suspension or revocation of registration for improper conduct by a bullion dealer.

(3) Rulemaking by the Department of Regulatory Agencies to regulate practices and policies in the bullion industry to protect consumers and the industry.

(4) Mandatory bonding in the amount of \$25,000 for bullion dealers and \$5,000 for bullion salesmen.

(5) Criminal penalties for violation of the law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 147, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 397 Consumer Protection and Commerce and Judiciary on H.B. No. 1853

The purpose of this bill is to amend the section of the Hawaii Revised Statutes dealing with civil penalties for each violation of the Unfair Competition Law by increasing the maximum allowable fine from \$2,500 to \$10,000.

Under the present law, the maximum allowable civil penalty for violation of the unfair competition law is \$2,500. By increasing the maximum allowable civil fine for violations of the Unfair Competition Law to \$10,000, the proposed amendment seeks to discourage such activity. Similar legislation on the federal level was introduced by the Federal Trade Commission and signed into law in 1973.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 1853 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 398 Consumer Protection and Commerce and Judiciary on
H.B. No. 1855

The purpose of this bill is to increase the criminal penalties for violations of antitrust laws from a misdemeanor to a felony, to increase the fine from a maximum of \$10,000 to a maximum of \$100,000, and to increase the maximum allowable imprisonment from one to three years for a natural person, and to increase the maximum allowable fine from \$20,000 to \$1,000,000 if the violator is not a natural person.

Violations of the antitrust laws are often conspiracies of long standing that have a cumulative adverse effect upon large segments of our economy. They amount to nothing less than long-term stealing from large numbers of people simultaneously. Similar legislation on the federal level was signed into law by President Ford less than four months ago. The effective enforcement of our respective antitrust laws would be enhanced if corresponding criminal penalties exist on both the state and federal level, thereby leaving no jurisdictional haven for antitrust violators.

Your Committees have amended the bill to correct typographical errors on page 1, lines 4 and 10, of the bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 1855, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1855, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 399 Consumer Protection and Commerce on H.B. No. 1872

The purpose of this bill is to provide for public members on all regulatory boards and commissions in the Department of Regulatory Agencies. The bill further provides for an increase in membership on seven of the smaller boards to accomplish this purpose.

Presently, of the thirty-two boards and commissions within the Department of Regulatory Agencies, seventeen provide for public members, and fifteen are comprised solely of members representing the regulated professions and vocations. Under this bill, every board or commission will have a certain minimum number of members engaged in the profession regulated, but the remaining members may be laymen.

Your Committee finds that it is in the best interest of the public at large to have laymen on all regulatory boards and commissions to insure consumer representation. Therefore, it is your Committee's intention that the Governor exercise the flexibility in appointing members accorded by this bill by appointing public members to all boards and commissions.

The bill has been amended to correct typographical errors and to make changes relating to form which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1872, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1872, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 400 Consumer Protection and Commerce on H.B. No. 898

The purpose of this bill is to give the savings and loan associations the right to charge, contract for, receive, collect in advance, or recover interest at the same rates and in the same amounts as permitted by law in the case of loans made by industrial loan companies and banks.

Savings and loan associations are now limited under the present statute to a maximum interest charge of twelve per cent per annum on real estate loans, home improvement loans, and share loans. This bill provides for equal treatment of savings and loan associations, banks, and industrial loan companies.

Your Committee on Consumer Protection and Commerce is in accord with the intent

and purpose of H.B. No. 898 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 401 Youth and Elderly Affairs on H.B. No. 946

The purpose of this Act is twofold: (1) to amend Chapter 350, Hawaii Revised Statutes, concerning child abuse, to include a definition of "child abuse and neglect"; and (2) to adopt a definition which substantially conforms to the definition set out in the federal "Child Abuse Prevention and Treatment Act", Public Law 93-247.

Your Committee heard testimony from the Department of Social Services, Hawaii Medical Association and Child Protective Service Center indicating the conviction of these agencies and organizations that specification in the law of what constitutes abuse and neglect of a child will significantly increase the reporting of such behavior, enhancing opportunities for preventive and corrective treatment to affected children and families.

Your Committee finds that the adoption of the definition proposed by H.B. No. 946, H.D. 1, which substantially conforms to the federal definition, will enable Hawaii's child abuse programs to qualify for federal grants provided for under the Child Abuse Prevention and Treatment Act, for which they might otherwise be ineligible.

Your Committee has amended the definition in the original bill so as to adopt the language of the federal definition, which your Committee feels is clearer and more tightly worded than that proposed by the original H.B. No. 946.

Your Committee has adopted the recommendation that this Act provide for reporting of abuse of a child by persons other than those responsible for the child's welfare. Your Committee finds that the services offered by these agencies may often prove useful and necessary in such cases and does not wish to limit their involvement to those cases in which a parent, guardian or other custodian is the perpetrator of the abuse.

Your Committee intends that the terms "mental injury" and "negligent treatment or maltreatment" employed in the definition be used as broad guidelines for the agencies involved in this area. Accordingly, more specific regulations should be prescribed by the Department of Social Services and Housing, in cooperation with representatives of other agencies and groups working in this area such as the Child Protective Service Center, to determine what constitutes a sufficient threat to a child's health or welfare to mandate reporting.

Your Committee is in accord with the intent and purpose of H.B. No. 946, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 946, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kondo, Hakoda, Ikeda, Medeiros and Sutton.

SCRep. 402 Public Assistance and Human Services on H.B. No. 1877

The purpose of this bill is to rename an existing advisory board on vocational rehabilitation as the Board of Vocational Rehabilitation. The bill increases the board from seven to eleven members.

The Department of Social Services and Housing supports the bill because federal law requires that such an advisory board must include "consumers", "providers", and "experts in the field". The Department feels that it is also desirable to include representatives from labor and management. The Directors of Health and Labor and the Superintendent of Education by law must also be included as members of the Board of Vocational Rehabilitation.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 1877 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 Public Assistance and Human Services on H.B. No. 1323

The purpose of this bill is to require government agencies to purchase needed products from certified nonprofit corporations and public agencies operating rehabilitation facilities serving handicapped individuals.

Rehabilitation facilities serving handicapped persons in Hawaii have experienced some difficulty in selling their products to government agencies. This bill would ensure that government agencies must purchase needed products from rehabilitation facilities before requesting bids to meet remaining needs.

Your Committee has made a number of minor changes in the wording of the bill which affect its style but not its substance.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 1323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1323, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 404 Labor and Public Employment on H.B. No. 1037

The purpose of this bill is to correct the reference to the charter of the City and County of Honolulu contained in Section 79-1, Hawaii Revised Statutes, relating to vacations of public officers and employees.

The reference to Section 5-603 of the charter of the City and County of Honolulu shall be changed to Section 6-603. This correction is necessary due to the recent revision of the charter which changed the numbering of the sections.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1037 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 405 Labor and Public Employment on H.B. No. 582

The purpose of the bill is to clarify the ambiguity in section 386-43 (b), Hawaii Revised Statutes, relating to death benefits under the Workmen's Compensation law to the surviving spouse and to the children. This bill would assure that unmarried children over eighteen who are physically or mentally incapable of self-support would continue receiving their benefits.

Your Committee has amended this bill to more effectively effectuate the purpose of this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 582, as amended herein, and recommends that it pass Second Reading in the form attached herto as H.B. No. 582, H.D. 1 and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 406 Labor and Public Employment on H.B. No. 1776

The purpose of this bill is to amend existing statutes regarding residence and citizenship to conform with the decisions rendered by the Hawaii Supreme Court, the United States Supreme Court and the Equal Opportunity Commission.

The United States Supreme Court ruled that duration of three years residence requirement was a violation of the Equal Protection Clause of the U.S. Constitution as it discriminates against those residents of less than three years duration. It also ruled that the requirement of U.S. citizenship for public employment is unconstitutional but also provided that where there are positions which characteristics make it essential that the employees be citizens of the United States, the States could require citizenship.

This bill continues to require residence but without a durational period of such residence and permits also the requirement of citizenship for those positions considered essential to be occupied by citizens of the United States.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1776 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 407 Labor and Public Employment on H.B. No. 1692

The purpose of this bill is to amend the temporary disability insurance law to give employees 90 days (instead of 30) to file their claim for disability benefits. It further amends the temporary disability insurance law to be consistent with present Department practices.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1692 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 408 Judiciary on H.B. No. 1412

The purpose of this bill is to repeal 531-11, Hawaii Revised Statutes, which requires that copies of petitions for probate of wills from the second, third, and fifth circuit courts be filed with the supreme court.

Your Committee finds that this practice duplicates records that are rarely used. In the interest of efficiency and conservation of storage space, it is appropriate to discontinue this practice.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1412, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 409 Judiciary on H.B. No. 1417

The purpose of this bill is to amend section 604-3, Hawaii Revised Statutes, to enable the chief justice to assign district family judges as well as other district judges to serve in any district court when there exists a disqualification, absence, or vacancy.

Your Committee finds that this measure corrects a situation where the district family judges in the first circuit cannot now be assigned to handle such vacancies.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1417, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 410 Judiciary on H.B. No. 1218

The purpose of this bill is to permit a person convicted of a misdemeanor who has for a period of twenty years or more, maintained himself or herself as a citizen of good standing, free of subsequent arrests and convictions, to expunge the record.

Our society is based on the concept that a person who has proven that he or she is deserving of a second chance should be given that chance. In this case, H.B. No. 1218 would give such a person the opportunity to cleanse a blemish on their otherwise good record.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No.

1218 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 411 Education on H.B. No. 484 (Majority)

The purpose of this Bill is to amend Section 298-9 of the Hawaii Revised Statutes to change the compulsory attendance age from eighteen to sixteen.

Your Committee finds that the present law, placing the compulsory age at eighteen, has been unenforceable. There seems to actually be no way to force a high school student to remain in school if that student does not want to. It would seem to be a better use of the teacher's, administrator's and student's time to lower the age and increase the options for such students; increase the alternative schools and improve the community college offerings. Your Committee finds this Bill compatible with its continuing effort to improve the educational system and make available alternatives to fulfill the educational needs of all children.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 484 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 Blair, Ho and Shito.

Representative Abercrombie did not concur.

SCRep. 412 Education on H.B. No. 786

The purpose of this Bill is to create a system of educational accountability in the public school system by amending Chapter 296 of the Hawaii Revised Statutes to establish a system of assessment and evaluation in each school.

The Department of Education shall be required to implement comprehensive requirements for a report which would give factual information about each public school, including, yet not limited to, statistics related to funding, teacher work, student performance and activities, use of the physical plant, administrative activities, student services and parent participation. The Department shall be further required to obtain student, teacher and community input in the drafting of the report guidelines and timetable for implementation. The program of accountability reporting shall be developed in terms of format, timetable, and informational items which shall be presented to the legislature for approval 20 days prior to the 1976 Regular Session and implementation shall commence upon approval.

Once implemented, the data for the reports shall be collected by the school administration and each district office shall compile the information and delineate procedures for the publication and distribution of the reports. These reports shall be public documents made openly available upon demand. The reports shall be presented annually to legislators of each respective school district and to each member of the Board of Education, and shall be used as criteria for decision-making in planning and evaluation of school programs and effectiveness.

Currently, no comprehensive system exists by which to judge the performance of the public school system so that in setting educational policy, laymen, public officials as well as educators, can make more informed judgement about their schools.

Your Committee recommends a few amendments. The first amendment is submitted for the purpose of clarifying and condensing the informational requirements to be contained in each report. Two new requirements were added: the Department is required to develop a timetable by which information to be included in the reports will be incorporated and the guidelines to be developed must be submitted for approval to the Legislature 20 days prior to the 1976 Regular Session Originally, the principal of each school was required to collect and compile all the data. Your Committee amends this situation to require the administration of each school to gather the report data and the district office is required to compile, publish and distribute the reports annually to legislators, members of the Board of Education, and to any member of the public upon demand. Your Committee has made other technical and style changes as necessary.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 786, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 786, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Blair and Ho.

SCRep. 413 Education on H.B. No. 738

The purpose of this Bill is to amend Section 297-24 of the Hawaii Revised Statutes to add classroom teaching to the list of professional activities for teachers and educational officers to engage in during their sabbatical leave time. The Department of Education is also directed to encourage school principals on sabbatical leave to devote their total leave to classroom teaching.

Your Committee believes that this return to the classroom will be of great benefit to the educational system as a whole. There are some feelings that some principals are too far removed from the classroom and are, thus, out of touch with one of the basic elements in education.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 738 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 414 Judiciary on H.B. No. 258 (Majority)

The purpose of this bill is to redefine the elements as to what constitutes indecent exposure.

The present statute requires that there be an "intent to arouse or gratify sexual desire" and conduct which is likely to "cause affront or alarm". The bill would change these elements to provide for the individual being "in a public place where he is likely to be seen by others" and his conduct would be "likely to offend the community's sense of common decency, propriety, and morality."

The bill's provisions stress the circumstances of the situation in determining whether an offense has been committed, as opposed to the intent element in the present law.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 258 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Sutton did not concur.

SCRep. 415 Judiciary on H.B. No. 1851

The purpose of this bill is to establish a procedure for the nomination and the term of office for the members of the Commission to Promote Uniform Legislation.

The present law simply establishes that the Department of the Attorney General have within it a commission known as the Commission to Promote Uniform Legislation, which sits in an advisory capacity to the Attorney General and to the Legislature on matters relating to the promotion of uniform legislation. This bill would clarify certain procedures which heretofore has been nonexistent.

Your Committee is in accord with the intent and purpose of H.B. No. 1851 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 416 Consumer Protection and Commerce on H.B. No. 1764

The purpose of this bill is to amend the definition used in the Uniform Securities Act (Modified) by excluding from the definition of "dealer" any person, licensed as a real estate broker or salesman, effecting a transaction in a security exempted by Section 485-6 (14).

Presently, a real estate broker or salesman is exempt when he sells a condominium under Section 485-6 (14). However, it was not clear if he is exempt as a dealer. The amendment contained in this bill would clearly indicate that a person licensed as a real estate broker or real estate salesman under our laws would be exempt under Section 485-1 from the definition of "dealer" in a transaction exempted by Section 485-6 (14).

Your Committee has amended this bill by substituting "(i)" for "(1)" on line 7 of page 1 of the original bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1764, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1764, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 417 Judiciary on H.B. No. 643

The purpose of this bill is to expand the jurisdiction of the District Courts in cases involving summary possession or ejectment where the Defendant in the action, may have a valid counterclaim in excess of \$5000 against a Plaintiff arising out of or in reference to the land or premises for which possession is being sought. A second purpose of this bill is to increase the amount of exclusive jurisdiction of the District Court from the present level of \$500 to \$1000.

The present law has been interpreted to require a Defendant in a summary possession or ejectment action to take any claim such person may have against the Plaintiff which related to the subject property, but exceed the jurisdictional limit of the District Court to the Circuit Court for disposition. This created the dilemma in which a person with a good counterclaim in a summary possession or ejectment action could find himself or herself dispossessed before the counterclaim, which might have offset the claim on which the initial action was brought, could be decided. This bill attempts to correct this situation by expanding the jurisdictional limits of the District Court, arises out of or refers to the land or premises for which possession is being sought. In this way, the claims of the Defendant relating to the land or premises for which possession is being sought, can be resolved in one form rather than requiring the Defendant to go to the Circuit Court for his claim if it exceeds the jurisdictional amount of the District Court, while the plaintiff, pursuant to Section 666-7 of the Hawaii Revised Statutes, is able to have his or her entire case heard within the District Court if the claims sought arise out of or are in reference to the premises or land for which possession is being sought.

Your Committee believes that the amendments suggested in H.B. No. 643 are consistent with the policies set forth in Section 666-7 of the Hawaii Revised Statutes and with the efficient disposition of such cases.

Your Committee intends, in expanding the exclusive jurisdiction of the District Court from \$500 to \$1000 to permit the District Courts to exercise exclusive jurisdiction over the actions that it initially was empowered to consider when the \$500 limitation was first established that it is presently unable to do because of the effects of the inflation on values and claims over the years.

Your Committee is in accord with the intent and purpose of H.B. No. 643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 643, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 418 Judiciary on H.B. No. 1411

The purpose of this bill is to amend section 580-71 and to add a new section to the Hawaii Revised Statutes 580-71.5 in order to eliminate the problem that was created with reference to the grounds for granting a separation from bed and board by the elimination of the grounds for divorce and substituting for them the ground that the marriage is "irretrievably broken." Since a separation from bed and board is less than a whole divorce, the proposed ground is less than a whole ground; that is, the marriage is not irretrievably broken but it is temporarily disrupted.

The new section 580-71.5 eliminates a possible defense for a person seeking a divorce on grounds other than failure to reconcile following the entry of a decree of separation from bed and board or Decree of Separate Maintenance. It is technically possible to argue or plead that a Decree of Separation or Separate Maintenance settles all of the issues relating to the marriage and its termination, so that a Decree of Divorce could only be granted following a Decree of Separation or Separate Maintenance if some new grounds developed following the entry of the Separation Decree. The language proposed would eliminate this possible delaying tactic.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1411, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 419 Judiciary on H.B. No. 1419

The purpose of this bill is to amend section 606-13, Hawaii Revised Statutes, to increase the fee for transcripts of court proceedings from \$1.00 to \$1.25 per page for the original copy and from 40 cents to 50 cents per page for each carbon.

Your Committee received testimony which supports the need for a reasonable adjustment in the fee for production of transcripts.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1419, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 420 Judiciary on H.B. No. 449

The purpose of this bill is to permit all holders of valid drivers licenses from other States and the provinces of Canada to drive in Hawaii without being required to obtain a Hawaii license until their license expires or is otherwise declared invalid.

Under present law, holders of drivers licenses from Non-Driver License Compact States are required to apply for a license within 90 days of residency in Hawaii as their licenses are only valid for that period of time. Holders of licenses from Non-Driver License Compact States do not have to obtain a Hawaii license until their present license expires.

This bill would eliminate this inequity. It would also eliminate the situation whereby a former Hawaii resident, who had to obtain a non-compact State license, from having to obtain a new Hawaii license, until expiration of his present license.

Testimony indicated the need to test the competency of drivers of vehicles heavier than the normal automobile such as trucks, buses etc. even though the driver possessed a valid out of State license.

Your Committee recommends that the bill be amended by adding to Section 2, paragraph (3) the following:

"Any person who is at least eighteen years of age and who has in his possession a valid driver's license issued to him in any other state of the United States or a province of the Dominion of Canada for that category of motor vehicle which he is operating, except, that such persons operating vehicles in categories 4 through

10 must meet the requirements of Section 286-102(c) and be tested as required in Section 286-108.5."

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 449, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 449, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 421 Judiciary on H.B. No. 1792

The purpose of this bill is to promote the effective holding of persons committed to the Department of Social Services and Housing to provide greater protection for their individual rights, to reduce the cost of imprisonment of such persons, and to improve the decision making process of the Board of Pardons and Parole. This bill would require the Parole Board to develop standards and criteria by which to judge prisoners' fitness for parole, and to disclose the standards and criteria to the prisoners so that they may plan and act accordingly. This bill would also require the Parole Board to at least annually review the progress of each inmate within the Parole Board's jurisdiction.

The bill would change procedure now followed by the Board of Parole and Pardons essentially in three ways:

1. First, this bill would require that each prisoner receive at least an annual review by and hearing before the Parole Board. Presently, it is the practice of the Parole Board to initially set a minimum term for each new prisoner. The Parole Board does not necessarily review the prisoner's case again or hold a hearing on his case until that minimum term has expired. For example, presently a prisoner given a minimum sentence of eight (8) years will not have his progress in prison reviewed by the Parole Board until the eight (8) years have passed. This bill would require that after the minimum term has been set, the Parole Board annually must re-evaluate each prisoner's progress, status and fitness for possible parole.
2. Second, this bill would require that if the Parole Board denies parole to a prisoner, the Board must cite specific behavior of the inmate which in the judgment of the Parole Board makes him or her unfit for parole. If the Parole Board cannot specify such unacceptable behavior, then the prisoner would be paroled.

This provision of the bill is an attempt to rectify two present practices of the Parole Board which are both unfair and have needlessly caused problems at the Hawaii State Prison in particular. The Board has no written standards informing the prisoner coming before the Board how the Board will judge his behavior. This bill should ensure that the Board develops such standards. Further, in the past, once parole had been denied by the Parole Board, there would be no decision setting forth the behavior which in the judgment of the Parole Board makes the prisoner unfit for parole. In other words, in the past the Parole Board has not informed the prisoner what he must do--how he must alter his behavior--before parole will be granted. This has led to disappointment, resentment, and bitterness at cross-purposes with any reasonable definition of rehabilitation.

3. Third, this bill would make clear that provisions of the Hawaii Administrative Procedure Act (Chapter 91, Hawaii Revised Statutes) apply to all hearings before the Parole Board. Although the Parole Board already is subject to the provisions of the Hawaii Administrative Procedure Act, it has failed in many respects to comply with that Act. Lawsuits have been necessary in the past in order to gain the Parole Board's compliance with the act. This bill would mandate compliance.

The Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1792, as amended, and recommends that it pass Second Reading in the form of H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 422 Judiciary on H.B. No. 803 (Majority)

The purpose of this bill is to prevent the removal of shopping carts from business establishments.

The bill would provide for a petty misdemeanor violation for unauthorized removal of such carts. However, there would have to be proper notice, both on the cart and on the premises warning the customer about unauthorized removal.

Testimony indicated a costly problem exists in Hawaii with the taking of shopping carts. In the grocery industry, the primary owners of such carts, the cost may run from \$50,000 - \$75,000 per year. It is hoped that such a law will be a deterrent to cart napping.

Your Committee recommends that an amendment be made to the bill in order to permit businesses adequate time to prepare signs for their carts and to inform the public of the statute.

Section 4 is amended as follows:

This Act shall take effect July 1, 1975.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 803, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 803, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Sutton did not concur.

SCRep. 423 Judiciary on H.B. No. 927

The purpose of this bill is to expand the statute with respect to theft in the first degree.

The bill would provide that any individual who knowingly entered a fenced area or one designed to exclude intruders and had in his possession the carcass or meat of bovine, would be committing the offense of theft in the first degree.

This provision is designed to help ranchers who have problems with individuals who enter their land and slaughter their cattle and take the meat.

Your Committee is of the opinion that the bill should be expanded to include other livestock besides cattle. The bill is amended to include after the word "bovine" on line 12, the following: equine, swine, or sheep.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 927, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 927, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 424 Judiciary on H.B. No. 1550

The purpose of this bill is to provide criminal sanctions for the pirating of sound recordings.

In the testimony received by your Committee, it was clear that many local musicians were being victimized by unscrupulous people and organizations who were taking the songs and music of these local musicians and capitalizing on the music commercially through subsequent unauthorized reproduction. The bill as presented did not have a penalty attached, and while there was testimony presented in favor of making the offense a felony, your Committee believes that a misdemeanor should be sufficient to prevent and deter the abuses that are presently going on in the local music industry, especially since the civil sanctions are still available to the victimized party.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1550, as amended herein, and recommends that it pass Second Reading in the form attached as H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 425 Judiciary on H.B. No. 1136

The purpose of this bill is to empower the Courts, in sentencing any person convicted of criminal acts, to make restitution and reparation for loss to or damage inflicted upon the victims of their crimes, a part of such convicted person's sentence.

Reparation and/or restitution by wrongdoers to their victims is basic to justice and fair play. The penal system should not be excluded from this concept. Your Committee believes that by imposing the requirement that a criminal repay not only "society" but the persons injured by the criminal's acts, society benefits not once, but twice. The victim of the crime not only receives reparation and restitution, but the criminal should develop or regain a degree of self respect and pride in knowing that he or she is righted, to as great a degree as possible, the wrong that he or she had committed.

In carrying out the intent of this bill as above stated, your Committee on Judiciary has made various technical changes to clarify the language of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1136, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1136, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 426 Judiciary on H.B. No. 1241

The purpose of this bill is to exclude from the definition of "motor vehicle" bicycles powered by a motor of one horsepower or less.

The testimony presented indicated that bicycles powered by small motors are presently treated as motor vehicles and are subject to the same regulations and restrictions of the larger vehicles.

Your Committee finds that use of a motor less than one horsepower in size does not change the nature of the bicycle but is an aid to the rider, especially in climbing hills. It was also shown that the speed attained by the use of a motor less than one horsepower is less than that of a racing type bicycle.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1241 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 427 Judiciary on H.B. No. 513

The purpose of this bill is to require the office of the Legislative Reference Bureau to maintain a compilation of all rules of state and county agencies.

The bill would further provide that the Bureau determine if the rules of the agency violate the substantive law under which they were adopted and to report to the legislature thereon.

The Bureau's purpose, among others, is to provide comprehensive research and reference services and to aid in the preparation of legislation. A review of rules adopted under the Administrative Procedure Act would be within their functional capacity. Because of their expertise in this area, the Bureau would be more adept at such a review than any other body.

Your Committee recommends that the following amendments be made to the bill:

(1) that the purpose clause be amended to reflect that the Bureau will have the duty of reviewing rules and reporting substantive violations; and (2) the addition of a new Section 2 to amend Chapter 23G of the Hawaii Revised Statutes concerning the Bureau's review of rules and regulations and report to the legislature. For purposes of clarification, the section numbers of the bill are conformed to proper numerical order.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 513, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 513, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 428 Judiciary on H.B. No. 259

The purpose of this bill is to modify the liability of livestock owners for trespass of their animals upon land.

The bill would amend the present law by making the owner of livestock liable for all proven damages or losses for the trespass of his animals.

Presently, the land owner can recover for property damage only if the land is fenced. He is also entitled to a specific monetary amount for each head of trespassing livestock, at the discretion of the court.

Owners of unfenced cultivated land can recover only a specific monetary amount for each head of trespassing livestock, also at the discretion of the court.

This bill would simplify the determination of damages in all animal trespass cases.

For purposes of clarification, Page 1, line 8 should read: "On uncultivated land."

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 259, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 429 Judiciary on H.B. No. 518

The purpose of this bill is to exclude from discovery, peer review proceedings and records of optometrists.

Presently, the medical and dental professions enjoy this privilege. This bill would include the optometrical profession.

This discovery privilege is limited to only peer review committees at hospitals and of the societies of the profession. The underlying policy for excluding peer review from discovery is that the intent of peer review is to improve the quality of care and thus should not be subject to inquiry.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 518 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 430 Judiciary on H.B. No. 1783

The purpose of this bill is to conform and update H.R.S. Chapter 578 relating to adoption with other chapters in the Hawaii Revised Statutes.

The bill would provide for amending the present adoption law with respect to: (1) persons required to consent to adoption; (2) persons whose consent may be dispensed with by order of the court; (3) persons whose consent is not required; and (4) presumptions of paternity.

The bill would also provide for the appointing of a guardian ad litem by the court, at any stage of adoption proceedings to protect the best interests of the child.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1783 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 431 Youth and Elderly Affairs on H.B. No. 516

The purpose of this Act is to modernize the language and substance of certain sections of Chapter 577 of the Hawaii Revised Statutes; to provide for inheritance by and from children of unmarried parents who are subsequently acknowledged by their fathers as provided for by law, on an equal basis as inheritance by and from children born to married parents; and to eliminate the classification "illegitimate", with its attendant negative connotations.

Your Committee has amended this Act so as to delete from the proposed heading of Section 577-14 the word "minors" and substitute the more specific phrase, "Children of parents not legally married".

Your Committee has further amended this Act so as to substitute for the vague and emotionally evocative phrase "natural child" the operational terms "child of parents not legally married"; "child of parents not legally married in contemplation of Chapter 572"; and "child born of parents not married", all of which are used interchangeably.

Your Committee has adopted the recommendations of the Family Court, First Circuit and the Juvenile Crime Prevention Division of the Honolulu Police Department to restore Section 577-16, relating to curfew for children under 16 years of age; Section 577-18, providing penalties for parents of curfew violators. Your Committee finds that Section 577-16 is a useful tool in controlling the unsupervised activity of children during those hours of the day when their relative immaturity requires parental supervision. Your Committee further finds that Section 577-18 is necessary for the protection of juveniles whose parents are not properly supervising them. In the absence of any compelling testimony or other evidence concerning negative effects of allowing these sections to remain in effect, your Committee finds that the repeal of these sections is unwarranted.

Your Committee has retained the repeal of Section 577-17, relating to girls loitering on the streets. Your Committee finds this section to be sexually discriminatory; in addition, it is superfluous if 577-16 is allowed to remain in effect.

In view of later hours kept by the entire population, your Committee has adopted the suggestion of the Commission on Children and Youth, made with the concurrence of the Honolulu Police Department, that the curfew hour be changed from 8:00 P.M. to 10:00 P.M. Time references in subsequent sections have been moved up two hours to conform to this change.

Section 577-19 penalizing proprietors of certain places for allowing children under 15 to remain on the premises past curfew has been restored, for the same reasons as the section relating to curfew.

Testimony by the Family Court and by the Juvenile Crime Prevention Division convincingly argued that the second paragraph of Section 577-21, providing that each county curfew ordinance supersedes state law, is necessary both for maximum home rule and for state back-up of the counties. Accordingly, this provision has been restored.

Section 577-22 relating to females in dance halls has been restored in order to provide for protection from detrimental surroundings. This section has been amended to achieve sexual parity. The section as amended provides that it is unlawful for male as well as female minors to be present or around the premises of such establishments. Your Committee finds that such an atmosphere is potentially injurious to male as well as female children.

For reasons identical to those which led your Committee to amend Section 577-22 to include male children, your Committee has amended 577-23, penalizing parents of females found in dance halls, to include parents of males; accordingly, "minors" has been substituted for "females".

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 516, H.D. 1 and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Suwa, Hakoda, Ikeda and Sutton.

SCRep. 432 Judiciary on H.B. No. 1410

The purpose of this bill is to add a new section to chapter 501, Hawaii Revised Statutes, to permit use of facsimile signatures for certain duplicate records filed in the Land Court.

Your Committee finds that this addition of a new section to the Hawaii Revised Statutes would enhance the efficiency of the Land Court and would have no adverse effect on documents filed with the court.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1410, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 433 Judiciary on H.B. No. 127

The purpose of this bill is to provide a law wherein lobbyists are required to register and abide within certain guidelines, file timely disclosure reports and otherwise account for their expenditures and contributions in the course of seeking to influence the outcome of legislative or administrative action. The intent of the bill is to make lobbyists accountable for their actions to insure against the exercise of undue influence.

The bill as originally drafted directed its focus entirely on the action of legislative lobbyists. It is the belief of your Committee that it is in the public interest that the activities of lobbyists be monitored not only with relation to their activities before the State Legislature, but to their activities before the various departments and commissions and agencies of the executive branch and before the executive officers themselves. It is not the intent of your Committee to restrict the function of lobbyists, because your Committee feels that lobbyists perform a valuable service in highlighting to lawmaking and rulemaking bodies, various community, social and economic needs. However, your Committee is of the strong opinion, and lobbyists who testified on this bill agreed, that it is in the public interest that the activities of these lobbyists be a matter of record and that such persons be held accountable to the people for their activities.

In order to conform H.B. No. 127 to the intent and purpose above stated, your Committee recommends that the bill be amended to expand the coverage from legislative lobbyists to any lobbyists who deals with the executive branch as well.

The following is a description of the amended bill:

Section 1 incorporates definitions of "administrative action", "contribution", "expenditure", "legislative action", "lobbyist", and "person". The definitions are self-explanatory; however, it is noteworthy that the definition of the word "lobbyist" is restricted to a person who engages himself for the purpose of influencing legislative or administrative action. It does not matter if pay or consideration is involved. The interest in so defining a lobbyist is to include within the definition those who group together to support or oppose legislative or administrative action for their own common self-interests. The intent in this definition is to exempt persons in the general public who are, as individuals, interested in expressing their own beliefs on the proposed course of legislative or administrative action. This permits a legislator's constituents, for example, to express their opinions on issues without becoming "lobbyists".

Section 2 sets forth procedures for registration by lobbyists with the attorney general. The intent in providing for registration with the attorney general

is that this is the central law enforcement division of the State and is accessible to both government and public alike. While the specifics are not set out in this bill's registration requirements, guidelines are provided which require the lobbyist to identify himself the party or parties he represents, the scope of his employment, the compensation he is to receive, and the resources with which he is supported with in the way of expenses. Also required is a written authorization from the lobbyist's employer in order to firmly establish the agency relationship between the lobbyist and his employer. Specifically exempted from registration are people who appear on their own behalf and government employees or elected officials acting in their respective official capacities. Also exempted are the various news media, including their owners and employees who, in the ordinary course of business, publish news items, editorials or comments or paid advertisements which support or oppose proposed legislative or administrative action. The news media exemption is limited to what is necessary for them to go about their regular course of business. Should they engage in lobbying activities except as exempted, however, they are expected to comply with the same requirements as other persons covered by this chapter. An attorney who is following legislative or administrative action in order to advise his clients on the effect or construction of the proposed action, without the intent of influencing the outcome of legislative or administrative action, is also exempted. The exemptions are aimed at excluding all but those who are in the business of lobbying.

Section 3, covering registration fees and cards is self-explanatory, however, it is the intention of your Committee that in the case of groups, particularly of non-profit organizations that fall within the definition of "person" in Section 1, subparagraph 6 of the bill, that the registration fee be \$5.00 for the entire club, organization or group of person, and not for each member of the club, organization or group.

Under section 4, contributions and expenditures for purposes designated by the chapter amounting to more than \$25 per an instance must be reported. Expenditures of less than \$25 per an occasion need not be reported. Reports are required bi-annually, due on the 30th of June and the 31st of December.

Section 5 establishes the manner of filing records, permitting filing by registered or certified mail. The records filed with the attorney general's office are to be public records. It is the intent of your Committee that these records be available for any interested party to inspect for a reasonable length of time which has been set by this bill at seven years.

Under Section 6, the employment of legislators, executive officers and public employees by a lobbyist or his employer is prohibited unless a full disclosure containing the nature of employment, names and employer, and salary or fee expected is filed under oath with the attorney general. This requirement is not intended to apply in cases where a legislator, executive officer or public employee is employed by an individual who is not a lobbyist but is a member of a group such as the Honolulu Board of Realtors which does employ a lobbyist unless was brought about such employment by the lobbyist or the association to which the employer belongs. It is the intent of your Committee that the same policies embodied in the ethics law with regard to employment of public employees and public officials by persons who have benefited from their actions be incorporated into the lobbyists law, and it is not the intent of your Committee in permitting employment of members of the legislative or executive branches to pre-empt or over-ride any of the restrictions on such employment imposed by the State Ethics Commission and the law.

Section 7 makes it unlawful for anyone to employ a person to lobby who is unregistered under the requirements of the proposed chapter.

Section 8 imposes a penalty of a petty misdemeanor upon anyone in violation of this act.

Section 9 imposes duties upon the attorney general in administering the act, and requires the attorney general to refer violations out to the proper

prosecuting bodies for dispensation whenever appropriate. It also requires the attorney general to make up to date lists of registered lobbyist upon request for such by any legislator or executive officer.

Your Committee believes that the public is entitled to know who is behind certain legislative and administrative decision making and believes this intent and purpose will be carried out by H.B. 127, as amended.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 127, as amended, and recommends that it pass Second Reading in the form of H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRRep. 434 Judiciary on H.B. No. 108

The purpose of this bill is to rectify the confusion relating to section 28-54 of the Hawaii Revised Statutes since its amendment last session.

The First Circuit Court, in granting a preliminary injunction which is still in effect, ruled that section 28-54 infringed upon the first and fourteenth amendments of the United States Constitution and Article I, Section 2, of the Constitution of the State of Hawaii, by unreasonably restricting news media from reasonable access to certain police records relating to pre-conviction information. Yet, the Third Circuit Court has ruled to the contrary. The First 80% of the population of the State of Hawaii. On the other hand, the Third Circuit Court of the State of Hawaii, which ruled that the provisions are valid, has jurisdiction over approximately 10% of the people of the State of Hawaii.

The decision of Judge Norito Kawakami, made in the First Circuit Court, in Civil No. 42343, stated in its finding of fact, that the news media is entitled, "...in carrying on the business of gathering and disseminating newsworthy information..." to have "...reasonable access to information from governmental and police sources in the State of Hawaii". Anything to the contrary, the Court found would be against the public interest. Your Committee is in accord with this ruling. Your Committee believes that the present law raises the danger of a person being secretly jailed. It also stifles the public's right to know police and jury actions.

It was the concern of those who drafted the objectionable sections to 28-54 that an overabundance of news coverage on criminals and criminal acts had led to a glamorization of the criminal element which resulted in possible encouragement of others to commit criminal acts in pursuit of recognition and, in some cases, caused acquittals in criminal actions because of prejudicial pre-trial publicity. It was the concern of the legislature that the news media be, on behalf of the safety and welfare of the public, required to engage in responsible reporting, emphasizing newsworthy elements for the public interest, and not for sensationalism.

Testimony received from the Big Island Press Club and from George Chaplin, Editor-in-Chief of the Honolulu Advertiser, and Honolulu police chief William Snead, indicated that the past overall record of the press exhibits responsibility in reporting. Marcia Reynolds, of the Big Island Press Club, stated in her testimony "it has been the general policy and practice of most news media in the State not to print or broadcast names of persons questioned, apprehended, detained or arrested in connection with a criminal offense until after they are charged." She went on to say that the Big Island Press Club agreed that a person who has been apprehended but not convicted should be neither harrassed nor carry a stigma of having been arrested because of that arrest.

Your Committee believes the sincerity of the press in the testimony present. It is also aware of Act 92 enacted in the last Legislature, relating to expungement orders which, to a great degree, protects the areas which Act 45 of the same legislature, intended to cover.

Your Committee on Judiciary believes that the intent and purpose of H.B. No. 108 would be served if Section 28-54 of the Hawaii Revised Statutes is repealed and its spirit carried out through Section 731-3.2 of the Hawaii Revised Statutes which was enacted during the 1974 legislative session. Amendments could be made to Act 92 to further protect the rights of the arrested but not convicted individual.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No.

108, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 108, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yap and Oda.

SCRep. 435 Judiciary on H.B. No. 931

The purpose of this bill is to include in the driver point system offenses for driving under the influence of liquor.

Presently there is no assessment of points for driving while intoxicated. This bill would provide for it by making it a serious violation with respect to the number of points a driver can be penalized.

Testimony indicated favorable response to this bill and stressed it was a step in the right direction in keeping a serious menace off the road.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 931 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 436 Judiciary on H.B. No. 1213

The purpose of this bill is to require any legislator or County official to first resign from his elected position before being eligible for nomination for or election to any other public office the term of which would begin prior to the end of the term of office that the elected official presently held.

Your Committee believes it is the intent of the voting public, when electing a person to office, that such elected person devote the utmost energy toward fulfilling the duties of the office. To permit such a person to take time out to seek another office is unfair to the people such person represents in that it does not give the people the representation that they should expect, of and deserve from that legislator. Therefore, if an legislator chooses to seek another office which will begin before the end of the legislator's term, the people who put such a person into office deserve to have a new person in office, a person who will be dedicated to fulfilling the duties of that office to which he or she was chosen to fill.

The Hawaii State Constitution is unclear as to the scope of legislature's power relating to disqualification of elected officials other than those elected to the legislature itself. Therefore, your Committee has amended the bill to apply only to members of the State legislature.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1213, as amended herein, and recommends that it pass Second Reading in the form attached as H.B. No. 1213, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 437 Judiciary on H.B. No. 115

The purpose of this bill is to enact the Uniform Parentage Act, which in a previous draft, had been amended to appropriately reflect the particular needs in Hawaii, especially in the areas of procedures in paternity proceedings, adoption proceedings, and vital statistics.

Your Committee, in reviewing the bill as amended prior to Third Reading, noted that in Sections 1 and 2, relating to the parent-child relationship and to the establishment of a relationship not dependent on marriage, believes that Section 1 should be amended so as not to be so restrictive, and Section 2 should be deleted inasmuch as it adds nothing to the Act. Section 1, as amended, includes in addition to the rights included under the old Section 1, the rights between the child and the man who is married to the mother of the child at the time of the child's birth, or, the man who

is presumed the father of the child under Section 4, entitled "Presumption of Paternity", under the proposed act. Old Section 1 had omitted this area. In reinserting the presumption of paternity between the child and the man who is married to the child's mother, your Committee is simply reinstating the existing law on the subject.

Your Committee also expanded the standing of Section 5 relating to determination of the father-child relationship, by including as a proper party of an action a woman who is separated but not living with her husband, prior to, or at the time of the child's conception. This change simply corrects an apparent oversight of the initial drafting.

Section 13(c) of the chapter was amended by deleting the last sentence of subparagraph (c) relating to a man who is identified and is subject to the jurisdiction of the Court because of procedural problems which could arise because of the vagueness and imprecision of the language as it appeared in H.D. 1. In reviewing the act, your Committee could see no substantial effect of the language on the rest of the chapter, so has deleted the entire sentence which read "A man who is identified and is subject to the jurisdiction of the Court shall be made a defendant of the action", the statement made in relation to who could be brought in a civil action in this State.

A final technical change was made in section 19 of the bill where your Committee in reconsidering the matter, decided to make all papers and records, including the final judgment in any proceeding held under the chapter, confidential, and therefore deleted the phrase appearing on lines 5 and 6 of page 18 of H.D. 1, "other than the final judgment".

Your Committee on Judiciary is in accord with the intent and purpose of H.D. No. 115, H.D. 1, as amended, and recommends that it be placed on the calendar as amended herein as H.D. 2, for Third Reading.

Signed by all members of the Committee.

SCRep. 438 Judiciary on H.B. No. 430

The purpose of this bill is to make it possible for the Department of Social Services and Housing to prosecute, maintain any support action, or execute any administrative remedy existing under the laws of the State to recover AFDC payments from natural or adoptive parents if they were not included in such payments. Authority to pursue all child support claims is delegated from the Department to the respective county attorneys and corporation counsels.

This bill will provide the statutory authority to permit the Department of Social Services and Housing to establish a State Child Support Unit as required by P.L. 93-647. This bill also will authorize the respective county attorneys and corporation counsels to pursue child support payments at the request of or in behalf of the Department of Social Services and Housing, including child support payments for non-welfare families.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 430, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 439 Consumer Protection and Commerce on H.B. No. 1576

The purpose of this bill is to create an exemption from registration of securities sold in compliance with Rule 146 of the Securities and Exchange Commission.

Your Committee finds that the exemption will follow exactly the Securities and Exchange Commission's Rule 146. Rule 146 imposes numerous requirements upon issuers using it, requirements more severe than those of our present law, but in return permits sales to 35 persons instead of offers only to 25 persons and permits securities dealers to participate in the offerings.

The exemption will permit the workload of the Department of Regulatory Agencies to be decreased because it will no longer have to review registrations of what are essentially private offerings. This will be accomplished without any lessening of the law's protection of investors.

The requirements of Rule 146 impose the same disclosure requirements as registration statements. Rule 146 gives other protections to investors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1576 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 440 Consumer Protection and Commerce on H.B. No. 332

The purpose of this bill is to amend the section of the Hawaii Revised Statutes dealing with the applicability of Hawaii's Retail Installment Sales Act when it is inconsistent with federal law.

Presently, Section 476-1.5, Hawaii Revised Statutes, provides that any federal law which is inconsistent with State law takes precedence over the State law. Moreover, when federal law is in pari materia, or upon the same subject matter as State law, compliance with the federal law is deemed to be compliance with the State law.

The Office of Consumer Protection testified that it is hampered in its enforcement of the house-to-house sale provisions of the Retail Installment Sales Act because the Federal Trade Commission's rules on that subject supersedes the State law under the present statute. In effect, this leaves the State with no enforceable laws regarding house-to-house sales. Compounding the problem is the fact that there is no real Federal Trade Commission presence in Hawaii to enforce the federal law.

This bill would limit federal laws which supersede the Retail Installment Sales Act to the Federal Truth in Lending Act and the rules adopted by the Federal Reserve Board in enforcing that Act.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 332 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 441 Consumer Protection and Commerce on H.B. No. 320

The purpose of this bill is to prohibit a corporation from doing business in this State whose name will tend to mislead the public into believing that such corporation is an agency or instrumentality of the United States, the State, a subdivision thereof, or is a public corporation.

The Director of Regulatory Agencies shall make the determination as to whether or not a corporation is in compliance with this statute.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 320 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 442 Consumer Protection and Commerce on H.B. No. 1864

The purpose of this bill is to allow alternatives to the five years experience requirement to qualify to become State elevator inspectors.

The present statute, Section 396-5.5, Hawaii Revised Statutes, requires State elevator inspectors to have at least five years experience as an elevator mechanic and to have satisfied other requirements established by the Department of Labor and Industrial Relations. The proposed bill amends the law by allowing for either the five years experience or by satisfying the requirements of the Department.

The State Department of Labor and Industrial Relations testified that the five years experience requirement has so severely hampered recruitment for this position that the division of Occupational Safety and Health has been unable to fill its open elevator

positions despite frequent recruitment attempts. The present chief elevator inspector and the supervising elevator inspector would not qualify to become elevator inspectors under the present statute. A qualified inspector having five years experience earns approximately \$20,000 annually in private industry, while the starting salary of a State elevator inspector is approximately \$11,000 annually.

In view of the foregoing, your Committee finds that the five years experience requirement is unrealistic and further finds that the qualifications required by the Department of Labor and Industrial Relations will insure competency.

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

Signed by all members of the Committee.

SCRep. 443 Higher Education and Education on H.B. No. 766

The purpose of this Act is to reorganize the present administrative structure for statewide vocational education by establishing a separate board for vocational education.

Your Committees recognize the legislature's long standing commitment to quality vocational education programs and further recognize the ongoing legislative concerns for potential problems of coordination when the administration of such programs are divided between two state agencies and between educational grade levels. In view of these concerns, the 1974 Legislature adopted House Resolution 275 requesting the Legislative Reference Bureau to review the administration of vocational education in the State.

Your Committees have reviewed both the recently released report prepared by the Legislative Reference Bureau entitled, Vocational Education in Hawaii: An Examination of its Administration and testimony presented pursuant to House Bill 766.

The Legislative Reference Bureau has found that since Act 71, Session Laws of Hawaii 1968, which designated the Board of Regents as the State Board for Vocational Education, that the State Board has:

- (1) Failed to define its jurisdiction and responsibilities. At the present time, questions relating to the State Board's jurisdiction over vocational education programs supported by the state's general fund as well as the State Board's authority over vocational education policy matter in the secondary schools remain unresolved.
- (2) Failed to exert the needed leadership over statewide vocational education concerns including monitoring the implementation of overall goals and objectives of vocational education by the two operating agencies-- the Department of Education and the University of Hawaii.
- (3) Did not fulfill all its legal responsibilities as provided in 45 Title, Code of Federal Regulations, as well as carry out the spirit and intent of the provisions of chapter 305A, Hawaii Revised Statutes.
- (4) Failed to differentiate between its role and responsibilities as the Board of Regents resulting in improper use of University personnel to deal with statewide vocational education concerns and the irregular reassignment of statewide vocational education personnel for community college purposes.

Testimony received by your Committees from the Board of Regents, the Department of Education, the State Commission on Manpower and Full Employment and the ILWU, Local 142 reaffirmed the findings of the Legislative Reference Bureau's report.

The major recommendations of the report consist of retaining the Board of Regents as the State Board for Vocational Education with the following changes:

- (1) Designating a separate chairman for the State Board for Vocational Education. Presently, the chairman of the Board of Regents also serves as the chairman of the State Board for Vocational Education;

- (2) Replacing the President of the University of Hawaii as the Administrative Officer of the state Board for Vocational Education with the State Director for Vocational Education; and
- (3) Requiring the State Board for Vocational Education to formally establish bylaws and rules to provide operational procedures and clearly define roles and responsibilities.

The foregoing changes were intended to strengthen the leadership and resolve administrative problems which have impeded the statewide delivery of vocational education programs. However, on this issue of the administrative structure for vocational education, the State Manpower and Full Employment in its testimony proposed the establishment of a separate board for statewide vocational education composed of representatives from the Board of Regents, the Board of Education and representatives from labor, industry, and the general public.

Your Committees considered this proposal along with the Bureau's recommendations and conducted an indepth discussion of both alternatives in an effort to determine the most effective administrative structure.

In view of the weak performance of the Board of Regents as the State Board for Vocational Education since given this responsibility for the administration of statewide vocational education pursuant to Act 71, Session Laws of Hawaii 1968, it is uncertain whether the Board of Regents as the State Board for Vocational Education can fulfill its several dual responsibilities. The Board of Regents not only has the heavy responsibilities as the governing board of the University of Hawaii, but also functions as the 1202 commission pursuant to Act 193, Session Laws of Hawaii, 1974. Because of the importance of vocational education and the \$10 million commitment of which approximately \$8 million is in state funds, your Committees feel effective administration and accountability is imperative. Therefore, your Committees recommend that a separate board be established to administer vocational education programs. This separate board could devote its total attention to vocational education, provide an objective, overall view of statewide vocational education, and meet the legislative concerns for accountability.

Your Committees have amended H.B. No. 766 as follows:

- (1) By establishing a separate State Board for Vocational Education which shall consist of two representatives from the Board of Education of which one shall be the chairman, two representatives from the Board of Regents of which one shall be the chairman, one representative each from labor, industry, and the general public, one representative who shall be a graduate of a public vocational education program and one vocational education student.

The powers of the newly created Board shall be in conformity with federal law. In addition, the Board shall have the power to review and comment on all state general fund and federal fund budget requests relating to vocational education programs administered by the Department of Education and the University of Hawaii and submit such comments to the legislature.

- (2) By designating the State Director for Vocational Education the administrative officer of the State Board for Vocational Education. The staff of the State Director shall be the staff of the State Board for Vocational Education.
- (3) By transferring the functions relating to statewide vocational education from the Board of Regents as the State Board for Vocational Education to the newly created State Board for Vocational Education. Provisions for transfer of personnel and real and personal property have also been included.

Your Committee on Higher Education and your Committee on Education are in accord with the intent and purpose of H.B. No. 766, as amended herein, and recommends its passage on Second Reading in the form attached hereto as H.B. No. 766, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 444 Labor and Public Employment on H.B. No. 1240

The purpose of this bill is to assure that a State employee would be paid within a reasonable amount of time. This bill would require that the employee be paid on the nearest pay day following the date upon which work was commenced. Further, the employee initiating employment with the State shall receive a copy of their contract prior to beginning actual service.

Your Committee has amended this bill by deleting the penalty provision and by providing that employees be paid no later than the second payroll date.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1240, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 445 Education on H.B. No. 989 (Majority)

The purpose of this Bill is to amend Section 298-14 of the Hawaii Revised Statutes to specify that principals may not permit any pupil to leave school grounds during school hours except upon the written request of the parent, guardian, or other person having the care and control of the pupil, or for other good cause. The principal granting such a permit will not be held liable for the action of the pupil while the pupil remains outside of the school grounds.

Your Committee feels that the passage of this Bill will allow greater flexibility in the scheduling of students to include alternatives such as work experience or other class related activities.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 989 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 Blair and Ho.

Representative Abercrombie did not concur.

SCRep. 446 Education on H.B. No. 991

The purpose of this Bill is to establish Learning Councils by adding a new section to Chapter 296 of the Hawaii Revised Statutes. There will be a Learning Council in each school composed of parents of enrolled students, teachers, the principal, the district superintendent or his representative, representatives from the community and in the case of intermediate and high schools, representatives of the student body. Guidelines and procedures will be established by the parent-teacher organization of each school, provided that they include a few set provisions as outlined in the Bill. Each council member shall serve a term of two years, commencing on October 1 and expiring on September 30.

Your Committee, in its continuing effort to increase citizen involvement, believes that this Bill will provide for a greater grassroot participation in the educational system. This Bill will involve the participants in such complex, yet vital activities as reviewing the school budget, evaluating educational programs and providing feedback and input on educational needs. It is through such a system that the community can become more sympathetic and more informed about the complexities of the operation of a school.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 991 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 447 Environmental Protection on H.B. No. 381

The purpose of this bill is to comply with the request by the Environmental Protection Agency that Section 342-7, Hawaii Revised Statutes, be amended to make it clear that Hawaii's variance provisions will not be applicable when they are inconsistent with the guidelines and requirements of the Federal Water Pollution Control Act.

The Federal Act prohibits the use of variances in the water pollution National Pollutant Discharge Elimination System (NPDES) permit program. It does, however, allow the modification of a discharge permit if the Department of Health deems it advisable. The Department of Health already follows this "permit modification" procedure in its water pollution control program; and, as a result, there will be no change in procedures. This Act will comply with the request by the Environmental Protection Agency without compromising or jeopardizing the interests of the State and its people.

In order to clarify the language your Committee has amended page 5, lines 1 and 2 of the bill, so that the criteria for disallowing a variance in Hawaii will be "in violation of the requirements" and not that it would be "inconsistent with the guidelines and requirements" of the Federal Act. This amended language has been approved by the Department of Health.

Your Committee on Environmental Protection is in accord with the intent and purpose of H.B. No. 381, 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 H.B. No. 381, H.D. 1.

Signed by all members of the Committee.

SCRep. 448 Public Assistance and Human Services on H.B. No. 701

The purpose of this bill is to require that the three at large members of the nine member Board of Social Services shall be present or past recipients of public assistance.

Your Committee finds that although it is within the power of the Governor to include "consumers" on this advisory board, they have not been included. Your Committee's philosophy is that welfare recipients should be allowed some input into policy making and not be limited to reacting to the proposed rules and regulations of the Department of Social Services and Housing.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 701 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 449 Judiciary on H.B. No. 611

The purpose of this Act is to facilitate the arrest procedures for the Foresters and Forest Rangers enforcing the Division of Forestry rules and regulations and statutes.

This summon or citation system will expedite the arresting procedure because the arresting officer need not physically take the alleged violator to the District Police Station.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 611, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Yap, Carroll and Oda.

SCRep. 450 Judiciary on H.B. No. 1784

The purpose of this bill is to transfer the office of the sheriff from the department of the attorney general to the judiciary.

Your Committee finds that this transfer is appropriate since the bulk of the work of the sheriff and his deputies relates directly to serving the courts. Hence, your

Committee believes that the responsibility for administration should be placed with the primary user agency.

Your Committee has amended the short form bill which was introduced into full form to accomplish the purpose of the Act.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1784, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1784, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 451 Judiciary on H.B. No. 1648 (Majority)

The purpose of this bill is to equalize the rights to property obtained by reason of marriage. The present law gives greater rights to a wife by way of dower than it does to a husband by way of curtesy. This bill combines the two concepts, removes the distinction between husband or wife. It is not intended to diminish the rights of the woman in any respect.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1648 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Carroll did not concur.

SCRep. 452 Energy and Transportation on H.B. No. 1507

The purpose of this bill is to insure that the Department of Transportation meet its obligation and responsibilities to both the general and the boating public by amending Sections 266-17 and 266-20, Hawaii Revised Statutes, to provide for a boating special fund for the boating program.

Your Committee finds that the Department of Transportation is in agreement with this policy and believes that the user - the boating public, who benefit the most - should reimburse the State for the costs of providing facilities for their use, comfort and convenience.

Further, many boat-owners are willing to pay their fair share of costs. However, Sec. 266-17 states only that the Department of Transportation may establish fee schedules. In addition, Sec. 266-20 now provides that "if funds collected from the foregoing operations and other sources are insufficient to meet all such costs, general fund appropriation may be used to augment the boating special fund, for purpose thereof."

The failure of the Department of Transportation to provide justification for rate increases when such increases were proposed and the consequent lack of increases since at least 1970 gives reason to require the department to increase when necessary rates in accordance with Sec. 266-17. The need exists to forestall possible use of general funds to support a special fund program on which it is generally agreed that those who benefit should pay for the cost incurred.

The Department of Transportation must be made to meet its obligations and responsibilities to both the general and the boating public.

Your Committee finds that there is justifiable concern as to the propriety of general fund, and therefore general public support for those cost items which accrue primarily to boat-owners. However, rather than to move perhaps prematurely and precipitously, your Committee has decided to await the results of the Legislative Auditor's impending report on small boat harbors before taking conclusive action. Therefore, your Committee has amended H.B. No. 1507 to reinstate the provisions in Sec. 266-17 which state:

- (1) "provided that the costs of constructing, operating and maintaining general navigational channels, protective structures and aids to navigation shall be excluded" and "further".

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1507, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1507, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 453 Health on H.B. No. 619

The purpose of the bill is to provide medical treatment to minors afflicted with venereal disease without requiring parental or guardian consent. In addition the bill relieves parents or guardians from legal liability for such treatment.

Statistics show that venereal disease is a major public health problem and is expected to continue as one. Of particular concern to your Committee is the fact that venereal disease among school age children in Hawaii is a problem of major proportions. Of the two types of venereal disease, gonorrhoea is by far the more serious.

In 1960, the 15-19 age group accounted for 3% of all of the civilian gonorrhoea cases and the 15-29 age group, 35%. By the early 1970's, the 15-19 age group alone represented 23% of a vastly increased total.

Between 1960 and 1966, the gonorrhoea rate in the 15-19 age group increased by 481% as compared with 123% in the 20-24 age group, 48% in the 25-29 age group and only 19% for all other age groups. In the following five years the increase in the gonorrhoea rate for 15-19 age group was 79%.

In the early 1960's the annual compound rates of increase in the gonorrhoea rate for the 15-19 age group was 34%; in the last five years, it has risen to 55%. In fact, the year to year changes in the last five years show a pattern of continued accelerating increases. If the average rates of increase of the last five years simply continues, the gonorrhoea rate in the 15-19 age group will be twenty percent higher than the 20-24 age group which presently is the age group with the highest rate of incidence of gonorrhoea.

The stigma of venereal disease presents the greatest obstacle to treatment. Many minors do not seek treatment for venereal disease because they fear the consequences of informing their parents of their condition. As a result, many cases of venereal disease go undetected and untreated, resulting in the further transmission of the disease and the medical complications which accompany untreated gonorrhoea and syphilis.

Your Committee feels that the problem of venereal disease is of such importance that social and moral pressures should not prevent treatment. Consequently, if providing minors with medical consent for treatment of venereal disease would aid in the containment and prevention of the spread of the disease, then such consent should be provided.

Your Committee, however, recognizes the need to maintain the family as the primary unit responsible for the care of a minor child. The State does not wish to assume traditionally parental responsibilities. Your Committee, therefore, strongly recommends that as part of the venereal disease treatment service and in conjunction with providing minor consent for treatment of venereal disease, counseling to minors be provided to encourage them to inform their parents of their treatment for venereal disease. Whenever possible, attempts should be made to open the lines of communication between parent and child.

While the bill exempts parents and guardians from legal obligations incurred in such treatment of a minor, it does not exempt them from financial liability. Exempting parents and guardians from financial liability for venereal disease treatment services does not present an obstacle to accessibility to health care. Your Committee found that physicians currently treating minors for these conditions say that minors can pay for treatment. Minors unable to pay can go to the Department of Health free VD clinics and the Department of Health and Hawaii Planned Parenthood family planning clinics. These clinics are funded by State and Federal monies administered through the state agencies. In addition, because of the prevalence of third party payments, your Committee feels that a provision should be provided to exempt such third party payors from financial liability.

Therefore, your Committee has amended H.B. 619 by adding a new section exempting parents, guardians, third party payors, and governmental agencies from financial liability for venereal disease treatment services to minors when such persons or agencies had not prior knowledge of such treatment.

Your Committee on Health is in accord with the intent and purpose of H.B. 619, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 619, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 454 Consumer Protection and Commerce on H.B. No. 363

The purpose of this bill to require licensing of travel agencies and travel agents.

Presently, there is no State regulation of travel agents and travel agencies. The State Office of Consumer Protection testified that as a result of this lack of regulation, unscrupulous persons have been entering the travel agency business with resulting losses to consumers. This usually takes the form of the travel agency collecting in advance for travel services and absconding with the funds.

Your Committee finds that because the nature of the travel agency business involves the collecting of money well in advance of providing services, it is susceptible to abuses and requires regulation to protect the public welfare.

Under the provisions of this bill, travel agents and travel agencies are required to be licensed by the Department of Regulatory Agencies. Further, travel agents and travel agencies are required to be bonded in an amount not less than \$1,000 and \$10,000, respectively. The Director of the Department of Regulatory Agencies is authorized to revoke or suspend licenses for improper conduct and is also given rulemaking authority. Violation of the law subjects the violator to civil penalties of up to \$2,500 for each unlawful act.

Although the bill requires no qualifications for licensing as a travel agent or travel agency except for filing an application together with the proper fee and bonding, it is your Committee's intention that the Director of Regulatory Agencies make rules setting forth the minimum qualifications for licensure.

Your Committee has amended the bill as follows:

(1) Page 1 of the bill - deleted air carriers, ocean carriers and officially appointed agents of air carriers and ocean carriers from the definition of travel agency. Air and ocean carriers and their agents were exempted from the bill because they are already regulated by federal agencies.

(2) Page 3 of the bill - added a provision requiring travel agencies to state their license numbers on all advertisements.

(3) Pages 4 and 5 of the bill - deleted the section giving the Director of the Department of Regulatory Agencies or his representatives, including the Office of Consumer Protection, the right to enter any premises in which a travel agency is located to make investigations. Your Committee feels that the power granted was too broad and that the Office of Consumer Protection, with its present subpoena powers, has the necessary tool to conduct investigations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 363, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 363, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 455 Consumer Protection and Commerce on H.B. No. 1876

The purpose of this bill is to provide a contingency plan to be instituted by the insurance commissioner upon the unavailability of medical malpractice insurance in the State.

Medical malpractice insurance is coverage protecting a licensed physician or hospital against patients' claims for losses due to injury, death, expenses, etc., resulting from the physician's or hospital's negligence or malpractice in rendering professional services. The malpractice insurance market has been a cause for increasing concern over the past several years both locally and nationally. Since claims costs have increased rapidly due to both increasing frequency of claims and cost per claim, premium rates have also spiralled. In some cases, insurers have found it more desirable to withdraw from a particular area, rather than to continue to attempt to maintain a reasonable balance between rates and losses. Critical situations have occurred in California, Maryland, Michigan, and New York, to name a few areas. In Hawaii, the major insurer writing this coverage, Argonaut Insurance Company, has indicated it is reviewing its Hawaii experience very carefully and may decide not to accept new applicants or even renew existing policies after December 1975. Since it is readily apparent that there are few, if any, physicians and hospitals financially able to risk continuing to offer their professional services without insurance protection, it is imperative that the Insurance Commissioner be granted the required authority to activate a feasible coverage plan promptly if the need arises.

This Administration measure was introduced in a short form. Your Committee has amended the bill to provide for a Joint Underwriting Plan which the Insurance Commissioner can activate when he finds that malpractice insurance is not reasonably and readily available to a majority of physicians and hospitals in Hawaii from commercial insurers writing on a voluntary basis. Membership in the Plan is mandatory for all insurers licensed to write casualty insurance in this State. The Plan will be governed by a Board of Directors, chaired by the Commissioner, and including five Directors elected by the member insurers and five appointed by the Commissioner (three representatives of the medical profession and two public members). Physicians and hospitals desiring insurance coverage will apply to the Plan as exclusive agency and "service" insurers will be selected to write the policies and adjust claims, in much the same fashion as the Plan provided in the Hawaii No-Fault Law.

The Plan is intended to be self-supporting after it becomes operational. However, in the event of a deficit, there is provision for assessing policyholders and/or rate increases and for assessing member insurers for temporary financial relief while the policyholder/rate increase funds are being accumulated. Each member insurer's assessment will be determined by its ratio of Hawaii premium volume of workmen's compensation and liability (other than motor vehicle) insurance to the total Hawaii volume for these coverages. Any profits earned will be similarly shared. The Plan will be required to file annual statements or reports of its transactions and will be subject to annual examination by the Commissioner.

Protection of Hawaii's physicians, hospitals and consumers requires that a viable insurance mechanism be "on call" in the event that coverage cannot be obtained otherwise.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1876, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1876, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 456 Consumer Protection and Commerce on H.B. No. 1498

The purpose of this bill is to permit any bank to establish a branch bank to serve a university facility without regard to the present statutory limitations placed on the number of branches a bank may have in any one zone in the Honolulu district.

Under State banking law, banks are allowed to open or maintain only four banks in each of three geographical zones within the district of Honolulu. This bill would allow banks to establish a branch bank to serve a university facility without regard to the limitations on the number of branch banks in any one zone.

A representative of the Campus Center Board of the Manoa Campus of the University of Hawaii testified that there is a definite need for banking facilities on the Manoa Campus. Because of this need, the Campus Center Board has inquired of all the local banks as to whether or not they would be able to establish a branch bank on the Manoa Campus which would meet the needs of the campus community. However, because several of the major banks already have four branch banks in the zone encompassing the Manoa Campus, the choice of banks which may establish a branch bank on

the campus is limited. This bill would allow all banks to bid to establish a branch on the Manoa Campus and ensure that the bank willing and able to offer the most comprehensive services could be selected to establish a Manoa Campus branch.

Although your Committee is sympathetic to the needs of the Manoa Campus community, it is also cognizant of the fact that the restriction of the number of branch banks in any one zone was established to prevent a few banks from gaining an unduly dominant position at the expense of other banks. Moreover, the bill as originally introduced is overly broad as it would allow the exemption for a branch bank established to serve any university facility and is not limited to the Manoa Campus which is unique because of the large number of students utilizing the campus.

In order to meet the needs of the Manoa Campus community and to minimize the effect of this bill on the banking industry, your Committee has amended the bill as follows:

(1) Restricted the exemption to a branch bank established to serve the Manoa Campus and located on the campus.

(2) Delayed the effective date of the exemption until January 1, 1976. This will allow the banks who are able to establish a bank on the Manoa Campus under the existing law some time to reach an agreement with the University for the establishment of a Manoa Campus branch. If these banks are unable to reach an agreement on the effective date of this bill, all banks will be free to enter the competition to open a Manoa Campus branch.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1498, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1498, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 457 Judiciary on H.B. No. 1852

The purpose of this bill is to expand Section 731-3.2 of the Hawaii Revised Statutes concerning expungement of arrest records.

The act's purpose is to protect the individual from extrajudicial penalties when there is an arrest for a crime but no conviction.

The bill would provide that in addition to the attorney general, hsi authorized representative within the department would also have the power to issue expungement orders.

The bill would also define the term "arrest record" to include the data of legal proceedings beginning with arrest and ending in a final disposition of non-conviction. It would include any documents, magnetic tapes, or computer memory bank records produced under authority of law.

Your Committee is of the opinion that this act and bill will adequately protect the rights of the individual even with the repeal of Section 28-54 of the Hawaii Revised Statutes relating to confidentiality of arrest records (Act 45 of the 1974 Session Laws).

Your Committee on Judiciary recommends the amendments be made to the bill in order to clarify the procedure for expunging arrest records and to specifically include fingerprints and photographs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1852, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1852, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 458 Energy and Transportation on H.B. No. 1499

The purpose of this bill is to insure that State small boat harbors will be used for

"recreational boating activities and the landing of fish."

Your Committee finds that at the present time, there are numerous persons living more or less permanently aboard boats or other floating devices located in state small boat harbors, especially the two largest such harbors on Oahu - Ala Wai Boat Harbor and Keehi Boat Harbor. In light of the rapidly increasing popularity of recreational boating in Hawaii, the great existing unmet demand for small boat berthing facilities in the State, and the problems created by large concentrations of persons living in the cramped confines of the State's boat harbors, your Committee reviewed the issue of live-aboards in state small boat harbors and found that the problems had apparently surfaced and were presumably resolved by legislation in 1965.

Despite legal provisions stating that the State's small boat harbors were to be maintained and operated "principally for recreation and the landing of fish," the problem of houseboats in the Ala Wai Boat Harbor was still present in the 1960's. In an attempt to remedy this situation, legislation was enacted in 1965 (Act 192) to define more specifically the purpose and use of state small boat harbors. This legislation now appears as section 266-21, HRS. Both the wording of this provision and the statements included in the standing committee reports relating to it make it quite clear that the legislature intended that small boat harbors should be used for recreational boating and the landing of fish and that non-conforming uses, such as boats used principally or solely for habitation, should be eliminated from the harbors.

Although this legislation was aimed at the specific problems of houseboats, by its wording it is not confined only to houseboats. In other words, the law clearly states that recreation and the landing of fish are to be the primary uses and purposes of the small boat harbors and that vessels used solely or primarily for purposes of habitation are excluded from inclusion within the small boat harbors program.

Nevertheless, under the operating policies and procedures of the Department of Transportation, it is permissible to live aboard one's watercraft while it is moored or anchored in a state small boat harbor. While living aboard is allowed only on a temporary basis in most of the small boat harbors, permanent living aboard is allowed only at two of the harbors. At Ala Wai and Keehi, large numbers of persons are currently living aboard vessels with the approval of the Department of Transportation. Based upon the Department's financial records, the following statistics are indicated for Ala Wai and Keehi for June 1974:

	<u>No. of Boats Paying Mooring Fees</u>	<u>No. of Boats With Live-Aboards</u>	<u>No. of Persons Living Aboard</u>
Ala Wai	723	220	368
Keehi	<u>316</u>	<u>31</u>	<u>59</u>
Total	1,039	251	427

The number of unauthorized "live-aboards" may exceed 100 for the Ala Wai Harbor alone. Moreover, if present policies and procedures continue to be followed, the numbers of "live-aboards" will also continue to mount. This is because more and more of the persons on the waiting lists to obtain berths at the two harbors (and especially at the Ala Wai) are also applying for "live-aboard" status. Thus, of 670 mooring permit applications received during 1974, there were 362 applications for the right to live aboard the vessels once berths were assigned to them.

Your Committee found that there are numerous and significant advantages to being a "live-aboard", especially at Ala Wai. Some of these advantages apply to all vessels moored at the harbor, but become particularly advantageous when one is living aboard one's boat. These advantages include extremely modest monthly fees, free water, privileged parking, minimal charges for electricity, no fees for refuse collection, and no property tax payments, actual or imputed.

Your Committee also found that the "live-aboard" population appears to be composed of a high proportion of persons who are not residents of the State of Hawaii or who are not residents at the time of their application for berthing space. One indication of this phenomenon is the high percentage of persons who list out of state addresses at the time they submit their applications to the Harbors Division. For example,

out of 235 live-aboard permits issued in 1974, about 66 percent were from persons listing out of state addresses. An additional source of annoyance to active local boatmen on the waiting list is the fact that over 55% of the persons residing on the vessels at the Ala Wai Boat Harbor arrived within the state in the past five years.

Your Committee also found that many of the "live-aboards" are not paying income taxes to the State of Hawaii. Based upon a study made by the Department of Taxation at the request of the Harbors Division, about 48 percent of the "live-aboards" living at Ala Wai have filed no state income tax returns.

Your Committee finds that contrary to legislative intent, the recreational aspect of the state small boat harbor program has been circumscribed primarily because of (1) the fact that the Department of Transportation has adopted policies, procedures, and practices which go directly contrary to the clear expression of legislative intent (e.g., allowing "legal live-aboards" so that there are now more than 300 more or less permanent residents at Ala Wai); and (2) the failure of the Department to adopt adequate and appropriate rules and regulations to ensure that craft berthed in small boat harbors are actually utilized for ocean recreation. A survey of the harbor conducted by the Department (including photographs and other evidence) in 1972 indicated that 60 percent to 70 percent of the boats moored in Ala Wai and Keehi harbors never get underway to sea for any purpose, either because they were being used primarily for domiciles or because they were in such poor condition they would sink or fall apart before reaching the breakwaters outside the harbors.

Your Committee finds that other problems are also caused or made worse by the presence of large numbers of "live-aboards" at the boat harbors. Two of the most serious of these are pollution and crime.

Although the Harbors Division has developed standards and requirements governing pollution at the harbors, enforcement of these has been minimal and pollution is believed to be on the increase. Although holding tanks, pump-out facilities, and comfort stations are provided at Ala Wai, Harbors Division personnel and others indicate that minimal use is made of many of these facilities. Hence, much sewage and effluent continue to be flushed directly into harbor waters.

While it probably cannot be said that crime and public disorder are any worse at the boat harbors than elsewhere, nevertheless there are numerous incidents of crime at the harbors and many complaints are voiced in this area. Large numbers of persons concentrated in these areas 24 hours a day, 7 days a week, cannot help but contribute to this situation.

Another problem cited by harbor officials is the large number of pets - cats and dogs - which are allowed to roam freely among the moored boats and within the harbors.

The situation has reached the point where even responsible personnel within the Department have declared that Ala Wai harbor is in an unmanageable condition.

Thus, the Department of Transportation recommends that live-aboards be excluded from state small boat harbors. Personnel of the Department of Transportation must now divert a considerable amount of its limited administrative resources from one of its primary responsibilities - harbor management - to dealing with the myriad problems generated by the numerous residents who reside within harbor facilities which were neither planned nor intended for habitation purposes.

Your Committee has amended H.B. No. 1499 by adding a new findings and purpose section. Further, your Committee finds that the existing statute must be amended to ensure that state small boat harbors are utilized for the purpose of promoting recreational boating activities and the landing of fish, and to reduce water pollution in small boat harbors.

However, your Committee, while cognizant of the fact that state small boat harbors were not intended and constructed to provide facilities for permanent habitation nor operated or maintained as such, it is also aware that the Department of Transportation has failed to exclude live-aboards from these harbors. Your Committee, therefore, believes that a complete investigation of this issue is warranted before taking any necessary action to ensure that state small boat harbors are utilized for the purpose of promoting recreational activities and the landing of fish. The Legislative Auditor has been conducting an audit of this program and should report his findings shortly. Therefore, rather than to move prematurely in this area, your Committee has amended H.B. No. 1499 to hold the matter of present live-aboards in abeyance until the issuance

of the Legislative Auditor's report.

Your Committee, has however, found that allowing any new live-aboards is entirely contrary to the purposes of state small boat harbors. More importantly, these harbors were not nor are they planned to be suitable for permanent habitation. Accordingly, your Committee has amended H.B. No. 1499 to require that the Department of Transportation not accept live-aboard applications.

Your Committee also found it necessary to move quickly to remove from state small boat harbors those craft which do not, with reasonable frequency, leave the harbor for the purposes of recreation and the landing of fish. The long waiting lists for berth space do not allow the use of the harbor only for purposes of habitation. As a result, your Committee has amended H.B. No. 1499 to more clearly define the term "reasonable frequency" with reference to determining and eliminating dormant vessels.

Finally, your Committee found it not only necessary, but proper to amend H.B. No. 1499 by providing priority to state residents over non-residents with regard to accommodations at state small boat harbors.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1499, 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 H.B. No. 1499, H.D. 1.

Signed by all members of the Committee except Representatives
Carroll, Clarke and Oda.

SCRep. 459 Agriculture on H.B. No. 1849

The purpose of this bill is to clarify the authority and duties of the Department of Agriculture relating to noxious weed eradication and control and to correct existing deficiencies in the law.

Your Committee agrees that there is a need to provide the Department of Agriculture with greater flexibility in coping with situations that require immediate action. To accomplish this, your Committee recommends that:

- (a) Additional authority be given to the Department of Agriculture to eradicate and control noxious weeds in forest, recreation, conservation and aquaculture areas;
- (b) Designation authority of noxious weeds be given to the Department of Agriculture;
- (c) Initiation of cooperative agreements between the Department of Agriculture and landowners or users for the purpose of eradicating and controlling noxious weeds be provided; and
- (d) Necessary authority be given to the Department of Agriculture to enter into cooperative noxious weed control projects with the federal government under the Federal Noxious Weed Act of 1974.

Your Committee further recommends that the term "gorse" in the section relating to entry of private property for gorse control under Chapter 152, Hawaii Revised Statutes, be substituted with the term "noxious weed."

Your Committee has amended H.B. 1849 to conform with the above recommendations.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1849, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1849, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Ho, Lunasco, Yap and Oda.

SCRep. 460 Agriculture on H.B. No. 1848

The purpose of the bill is to amend the Hawaii Pesticides Law to bring it in closer conformity with the federal pesticide act.

Your Committee found that the present Hawaii pesticides law is in need of technical working and definition changes in order to bring it in compliance with the federal pesticide act. If such changes are not made, certain businesses distributing pesticides in Hawaii will be unable to furnish pesticides to most areas of Hawaii's diversified agricultural industries since they may be committing illegal acts under the federal law. Your Committee feels that, because of the importance of diversified agriculture and its development, noncompliance of Hawaii's law would irreparably damage the development of the industry.

Therefore, your Committee agrees with the changes as set forth in H.B. No. 1848. In addition, in reviewing the bill, your Committee found minor grammatical and terminology errors which have been appropriately amended.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1848, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1848, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Ho, Lunasco, Yap and Oda.

SCRep. 461 Higher Education on H.B. No. 452

The purpose of this Act is to repeal statutory provisions providing for the Land Study Bureau and the Economic Reserach Center.

Your Committee concurs with findings of the Committee on Water, Land Use, Development, and Hawaiian Homes as expressed in Standing Committee Report No. 244.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 452 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 462 Judiciary on H.B. No. 431

The purpose of this bill is to provide that if a recipient of public assistance dies leaving an estate and does not have a surviving spouse, child, father, mother, grandfather, grandmother, grandchild, stepfather, stepmother, or any designated heir, then the Department of Social Services and Housing may file a claim against the estate for the amount of public assistance granted.

Your Committee feels that there is a need to allow the Department of Social Services and Housing to recover public assistance payments from the estate of deceased recipients provided that no hardship is caused to their immediate family or any designated heir.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 431, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 463 Water, Land Use, Development, and Hawaiian Homes on H.B. No. 1413

The purpose of this bill is to change the language in HRS 501-211 to eliminate any doubt as to the time to assess the fee before filing a decree of registration. Controversy has arisen as to whether the words "last assessment for taxation" mean (1) the last assessment at the time of filing of the petition, or (2) the last assessment at the time of the issuance of the decree.

On numerous occasions, land owners have filed an application, and hearings are

had from time to time, and after the expiration of several years, the case was completed for a decision and a decree. In the meantime, the assessed value of the land appreciated and the registrar would have to update the record by asking the tax assessor of the county wherein the land is located to file a new report. Then, based on the first paragraph of HRS 501-211, he computes the filing fee and bill the applicant's attorney accordingly. Some owners have disputed this procedure; hence clarification of the statute is needed.

Language also is inserted in section 501-212 limiting the amount of damages against the assurance fund to the amount insured. As it now stands, the law is silent as to the amount the State is liable under the assurance fund.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1413, 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
Ho, Inaba, Lunasco, Morioka, Uechi, Yap and Ikeda.

SCRep. 464 Consumer Protection and Commerce on H.B. No. 1183

The purpose of this bill is to increase the fines levied for violations by insurers of the Hawaii Insurance Law.

This bill adds a new section to Chapter 431, H.R.S. granting the insurance commissioner the power to fine an insurer not less than \$500 nor more than \$10,000 in addition to or in lieu of suspending, revoking or refusing to extend the insurer's certificate of authority. The bill increases the present fines as follows: Section 431-707 and 431-725 relating to insurers & rating organizations, from \$50 - \$500 to \$500 - \$5,000 (maximums apply to willful violations); Section 431-405 relating to general agents, subagents, solicitors, nonresident agents, adjusters, and surplus line brokers from \$25 - \$500 to \$100 - \$1,000; Section 431-407 relating to general agents, subagents, solicitors, nonresident agents, adjusters, and surplus line brokers from a maximum of \$500 to a maximum of \$1,000.

Your Committee finds that the existing level of fines, enacted twenty years ago, are merely token fines and are no longer realistic and do not serve as either a deterrent for the future or as a fitting penalty for a conviction. However, the alternative of suspension or revocation of license may be too harsh a penalty in some instances. Empowering the commissioner to impose fines at a meaningful level will provide more effective sanctions against the small number of violators whose activities detract from the image of the entire industry. Licensees will maintain rights to a hearing and appeal to the Circuit Court of the First Judicial Circuit.

Your Committee has amended the bill to correct typographical errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1183, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1183, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative
Carroll.

SCRep. 465 Consumer Protection and Commerce on H.B. No. 1755

The purpose of this bill as amended, is to make amendments to the Horizontal Property Act. In effect, it will clarify practices and definitions related to Chapter 514 of the Hawaii Revised Statutes.

The bill amends the law as follows:

- (1) Sec. 514-2: Definition 18 is expanded to include land which may or may not be contiguous and including more than one parcel of land. This is added in order to allow property ownership for areas for parking, recreation, etc., which may be on separate parcels of land. It also allows for increments being completed at different times.

- (2) Sec. 514-3: The change to this section is to require the owner of any project whether leasehold or fee simple to join in the declaration for the establishment of the horizontal property regime. It has been found that in instances where there is a default by the master sublessor under his master lease, the apartment owner may not have protection under his apartment lease. In order to handle this situation, this amendment is proposed. It is recognized that in some instances, there may be some difficulty in getting the fee owner (master lessor) to sign the declaration along with the master sublessor. This amendment will require the fee owner to join in the declaration.
- (3) Sec. 514-11: In the filing of condominium projects with the Real Estate Commission the concept of "phased or incremental development" has been introduced. In order to clearly indicate that such "phased or incremental development" is possible, subparagraph 12 regarding the contents of the declaration is added.
- (4) Sec. 514-12: On some occasions the description of land on which the condominium project is built is very lengthy. It is understood that it is not necessary to have it repeated in all the apartment deed. Therefore, provisions are made to provide for incorporation by reference of the description in the declaration in the apartment deeds.
- (5) Sec. 514-13: This section has been amended to require that elevations of buildings be filed along with the floor plans. The reason for having elevations is that in the event that any project is damaged or destroyed, the elevation of the building or buildings would be available for reconstruction. The building department maintains plans only for a certain number of years and thereafter disposes the plans, making it desirable to have the elevations along with the floor plans, as suggested in this amended form of Sec. 514-13.
- (6) Sec. 514-16: There has been some question as to whether or not an Improvement District Assessment or any utility assessment constitutes a blanket lien which must be satisfied at the time an apartment is conveyed for the first time from the developer to the initial buyer. Section 514-16 is amended to make it clear that an Improvement District Assessment and/or utility assessment need not be paid in full in order to convey an apartment whether it be the first or subsequent conveyance.
- (7) Sec. 514-24: Under the priority of liens in this section, where there is an unpaid mortgage of record, there is a question whether or not the costs and expenses include attorney's fees as provided in the mortgage. Section 514-24 is amended so that the mortgages of record, and other related costs and expenses such as attorney's fees will have priority over the maintenance fees of the Association of Apartment Owners.
- (8) Sec. 514-29: The existing law is not clear as to whether or not an offer of sale of a condominium can commence prior to the issuance of the Commission's public report on the project. In order to make it clear that it is necessary to have a public report prior to the offering for sale, Section 514-29 is amended to that effect.
- (9) Sec. 514-37: At present, all changes made which materially change the project requires the developer to immediately submit sufficient information to the Real Estate Commission. However, minor changes, usually involving the use of equivalent material in the construction of the building, need not be reported. It is the intent of the amendment, to establish limitation period of 90 days since the purchaser has accepted in writing the apartment or he has first occupied the apartment, to file a complaint to any changes in building plans.

Upon consideration of this measure, your Committee has amended the bill to delete line 7 of Section 514-2 of the bill. Your Committee feels that said language used is surplusage.

Your Committee has amended the bill by underscoring added material on lines 18 and 19 on page 6 of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent

and purpose of H.B. No. 1755, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1755, H.D. 1, and be placed on the calender for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 466 Consumer Protection and Commerce on H.B. No. 1672

The purpose of this bill is to allow a person licensed in general pest or termite control to subcontract for the actual performance of fumigation as long as the subcontractor is licensed as a fumigation operator and performs pest control work only in areas in which he is licensed.

Under the present law, a licensed operator is prohibited from contracting any pest control work in a branch for which he does not hold a license.

Your Committee is in agreement that a licensed operator engaged in general pest control and termite work is qualified to identify and recognize termite infestation that is beyond economical and effective control by spot-treatment and should be allowed to recommend and to subcontract with another operator licensed to do the necessary fumigation work. This would be in the best interest of the consuming public.

Your Committee recommends amendments to this bill by adding the word "both" between the words "in" and "the", and deleting the word "or" and substituting the word "and" between the words "pest" and "termite" on line 6 of the bill. The reason for the suggested change is to allow only operators licensed in the specialty of general pest and termite control work to subcontract.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1672, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 467 Consumer Protection and Commerce on H.B. No. 1875

The purpose of this bill is to correct deficiencies in our Horizontal Property Regime Law which has resulted in abuses by developers in the sale and management of condominiums. The bill is the end product of an investigation and study conducted by the Real Estate Commission in 1974, pursuant to House Resolution No. 421 which was adopted by the Seventh Legislature.

The bill adds new sections and amends the present law as follows:

(1) Sec. 514 - This new section limits initial condominium management contracts to one year if the first managing agent for the association of apartment owners is the developer or any affiliate of the developer. The bill further provides that such contracts may be terminated by either party thereto on not more than sixty days' written notice. This new section is proposed to eliminate conflicts of interest and abuses by developers found by the Real Estate Commission.

(2) Sec. 514 - This new section grants to the purchaser of an apartment pursuant to an agreement of sale recorded in the Bureau of Conveyances or Land Court, all the rights of an apartment owner including the right to vote, but also provides that the seller may retain the right to vote on matters substantially affecting his security interest in the apartment. The reason for this section is that over sixty per cent of the transactions in 1974 were by way of an agreement of sale. The purchaser is truly the one interested in management matters, and he should be entitled to vote.

(3) Sec. 514 - This new section permits a merger of two or more condominium projects, whether or not adjacent to one another, to allow for the joint use of the common elements of the projects by all the owners of the apartments. Some large projects are built in increments, and this is a technical amendment to permit increments to share the use and expenses of the common elements.

(4) Sec. 514-10 This section is amended to require that the developer shall

pay a pro rata maintenance fee on all unsold units in accordance with the appurtenant common interest recited in the declaration of horizontal property regimes. The maintenance cost for all unsold units shall commence and be assessed at the same time as the first maintenance fee commences and is assessed against any apartment owner.

(5) Sec. 514-20 This section is amended to provide that the first meeting of the association of apartment owners shall be held not later than 180 days after a certificate of occupancy for the project has been issued by the appropriate county agency, and that all members of the board of directors be owners, co-owners, a spouse of an owner, or an officer of any corporate owner of an apartment.

Upon consideration of this bill, your Committee has amended the bill to delete the proposed amendments to Section 485-1, Hawaii Revised Statutes, as that section relates to the Uniform Securities Act (Modified), which is beyond the scope of the title of this bill.

Your Committee also made minor amendments to lines 1 through 3 on page 6, by deleting the underscoring as no new material is added.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1875, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1875, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 468 Energy and Transportation on H.B. No. 1427

The purpose of this bill is to provide a systematic means of coordinating the State's responsibilities for inter-island and major highway transportation planning and development with the counties intra-island surface transportation system planning and development based upon a continuing, cooperative, and comprehensive planning process carried on by the State and the respective counties.

Your Committee finds that the State Transportation Plan of 1961 is no longer responsive to the needs of the people of Hawaii. A new State Transportation Plan is needed which will reflect the State's emerging economic, social and environmental goals in the content of its dramatically changed socio-economic characteristics. Further, such a State Transportation Plan should be a product of more sophisticated planning techniques which relate system development to clearly defined land use goals and which involve all levels of government in an integrated planning process. County general planning and transportation planning agencies should be continuously involved with appropriate state planning agencies in a formalized, systematic process pointed toward the production of a new State Transportation Plan.

Your Committee finds that the first step in the Statewide Transportation Planning Program is the establishment of a Statewide Transportation Council. This council will involve itself with transportation policy and systems planning at the State level and to coordinate the update of the 1961 State Transportation Plan into a current and viable document with the Intra-County transportation plan which are the products of the respective county cooperative, comprehensive and continuing transportation planning process. The Council will have a significant role in the implementation of the recommendations of the Statewide Transportation Planning Program.

To achieve these objectives, this proposed legislation will mandate the development of a new State Transportation Plan and to establish a coordinated process for generating inputs from the respective county planning processes to the statewide transportation planning process. Thus a mechanism will be created which ensures that the State Transportation Plan will be in accord with the County Transportation Plans.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1427 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 Clarke.

SCRep. 469 Energy and Transportation on H.B. No. 1871

The purpose of this Bill is to grant to the governor or his authorized representative the clear authority, when shortages of petroleum products occur or are anticipated, to control the distribution and sale of petroleum products in this State, to procure such products, and to impose rules that will provide extraordinary measures for the conservation of petroleum products and for their distribution and sale in an orderly, efficient, and safe manner.

Your Committee has found that the limited supply of motor gasoline available to the public during the first few months of 1974, and the panic, disruption, and crisis that accompanied the shortage, clearly demonstrated the necessity for regulatory control to maintain public confidence and order and to effect conservation.

In the 1974 legislature, Act 5 was signed into law. This Act amended an existing statute and gave only the necessary powers to legalize GASPLAN, the State's emergency energy crisis plan. This was necessary because of a court suit against the State's gasoline plan which could have negated the entire operation.

Although Act 5 gave the governor power to procure and control the distribution of necessary commodities when an emergency is declared, it did not specifically mention petroleum products or energy supplies.

Your Committee has found that although rationing is among the control measures included with this bill, it would be implemented only as a last measure. In this respect, financing is not needed presently. Therefore, the bill has been amended to reflect the foregoing:

- (1) Deleting Section 2 of the bill which would appropriate \$100,000 from the general funds to cover initial printing costs of rationing coupons.
- (2) Sections 3 and 4 be changed to sections 2 and 3 respectively.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1871, as herein amended, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 1871, H.D. 1.

Signed by all members of the Committee except Representative Clarke.

SCRep. 470 Energy and Transportation on H.B. No. 1428

The purpose of this Bill is to establish under specific legislation the organization to be designated by the Governor as the MPO as required by 23 USC 134 and section 4(a) of the Urban Mass Transportation Act of 1964, as amended (49 USC 1603 (a)) which requires comprehensive planning of transportation improvements. In addition this bill provides for an organization that reflects the unique character of government structure in Hawaii and the transportation program responsibilities and projects of both the City and County of Honolulu and the State of Hawaii. More importantly, the bill provides for the mechanism by which orderly and reasoned transportation planning can take place within the framework of Federal law; adequate representation from both the State and County governments; and promotes the principles of public accountability and citizen input.

Your Committee finds that Section 112 of the Federal-Aid Highway Act of 1973, and Section 9 of the Urban Mass Transportation Act of 1964, as amended, require that a planning organization be designated to receive certain funds for the purpose of carrying out continuing comprehensive, cooperative urban transportation planning.

Presently, an impasse exists between the State and the City and County of Honolulu regarding the proper operation of the Oahu Transportation Planning Process.

Transportation Planning for Oahu is the Oahu Transportation Planning Program, a quasi-agency consisting of the Director of the State Department of Transportation, the Director of the State Department of Planning and Economic Development, the Director of City Transportation Services and the Chief Planning Officer of the City Department of General Planning, was created by a Memorandum of Agreement between the Governor and the Mayor in 1964. The original agreement was supplemented by a new one signed by the two chief executives in 1968. However, the present impasse has caused virtually

a total breakdown in ongoing transportation for Oahu as presently conducted under the purview of the Oahu Transportation Planning Program (OTPP).

Among the consequences has been inordinate delay in formulation of a long-range transportation plan, inability to produce a short-range development program, lack of commonly accepted project implementation priorities, and, hence, an endemic inability to move from general transportation systems planning to specific project implementation. The problem has been exacerbated by the inability of the Governor and the Mayor to agree on the designation of the recipient agency to administer the one-half percent Federal Aid Highway Funds, as authorized under Section 112 of the Federal-Aid Highway Act of 1973, for the purpose of carrying out the requirements of Title 23, U.S.C.

The situation has degenerated to the point where the following actions have taken place: (1) The City has veto power over State projects requested by the State Administration, authorized by the State Legislature, general planned by the City and Council, and involving no City funds. (2) The failure of the City to put the PEEP II program for Mass Transit before the Policy Committee of the OTPP for review, since the inception of PEEP II in January 1974, even though this program is funded equally by City and State. (3) The insistence by the City that transportation planning start anew each year, rather than being an evolutionary process. (4) Refusal of the chairman of the OTPP to place on the agenda subjects requested by the State, such as the Tri-Modal Transit System.

Most importantly, the failure of OTPP to satisfy federal requirements for a "cooperative, comprehensive, and continuing" transportation planning process on Oahu has resulted in determinations by the Federal Highway Administration and the Urban Mass Transportation Administration and the Urban Mass Transportation Administration that Oahu transportation programs have been decertified for federal funding.

In order to be recertified the City and State must agree on assignment of planning responsibilities and the Governor must designate a Metropolitan Planning Organization for Oahu, to carry out in cooperation with the State, comprehensive planning of transportation improvements.

According to the proposed federal rules regarding planning assistance and standards, "each unit of general purpose government within the jurisdiction of the Metropolitan Planning Organization shall have adequate representation on the Metropolitan Planning Organization." The Metropolitan Planning Organization (MPO), will, under the federal rules in cooperation with the state, develop a prospectus and a unified planning work program, develop, again in cooperation with the State, a transportation plan and a transportation improvement program including an annual element of projects recommended for funding. As a result this organization is expected to have control over transportation planning on Oahu and over federal funds as they relate to transportation improvement projects.

Thus, the MPO must be designed to take into account the unique government relationships. Unlike many mainland states, Hawaii has only one urbanized area, the City and County of Honolulu, and more importantly the urbanized areas comprises the greater part of the State of Hawaii. For example, as of July 1, 1973 about 678,262 or about 81 percent of the total population of the State of Hawaii resided on Oahu. It is unlikely that any other state has this extreme concentration of population in a single urbanized area.

In the area of governmental structure, Hawaii's, unlike other states', structure consists of only two levels, county and state. More importantly, in Hawaii, the state government functions as a general purpose government having responsibility for such normally local government programs as public education, health, welfare, and judiciary. This unique situation is borne out by the fact that in Fiscal Year 1973 that state government provided for approximately 81 percent of the total State and County expenditures in Hawaii compared to a national average of about 37 percent.

More specifically, in the transportation area, the state has programmed about \$149 million dollars in new highway facilities in Fiscal Year 1976 compared to about \$31 million by the City and County of Honolulu for the island of Oahu.

As a result the MPO to be designated by the Governor must reflect the unique situation prevailing in Hawaii. It must also be designed to prevent the type of situation which led to the decertification of the OTPP; it must have its own staff independent of either state or city agencies; it must be accessible and accountable to the public; and it

must provide for public input.

Your Committee has amended this Bill for the purposes of providing for an organization that would adequately reflect the unique character of the government structure in Hawaii and the transportation program responsibilities and projects of both the City and County of Honolulu and the State of Hawaii.

Your Committee further amended this Bill to provide for the mechanism by which orderly and reasoned transportation planning can take place within the framework of Federal law; adequate representation from both the State and County governments; and promotion of the principles of public accountability and citizen input are attained. Thus, this Bill has been amended to reflect the foregoing:

- (a) Adding a new findings and purpose section.
- (b) Section 4. Policy Committee. The OMPO shall have a Policy Committee which recognizes the policy making responsibilities of the State Legislature and City Council and the importance of public participation in the decision making processes of their government. The Policy Committee shall consist of thirteen members, four City Councilmen, four State Legislators, three members from the public at large who shall be appointed by the Governor and two members from the public at large who shall be appointed by the Mayor. Each member shall serve for a term of two years.

The members from the City Council shall consist of the Chairman of the City Council or his designee from the Council, and three City Councilmen to be selected by the City Council on a rotating basis.

The members from the State Legislature shall be the Speaker of the House of Representatives or his designee from the House, the President of the Senate or his designee from the Senate, the Chairperson of the House Committee on Energy and Transportation, or its equivalent, or his designee from that committee, and the Chairperson of the Senate Transportation Committee, or its equivalent, or his designee from that committee.

The members of the Policy Committee shall elect annually a Chairperson on a rotating basis. No person shall be elected Chairperson for more than two consecutive years.

All members of the Policy Committee shall be residents of the City and County of Honolulu which is the geographic area under the jurisdiction of the OMPO.

Each member shall be appointed or selected within six weeks of the effective date of this chapter. Vacancies in the Policy Committee which occur shall be filled in the same manner in which the original member was selected or appointed.

- (c) SECTION 5. Qualifications of members appointed from the public at large. Except as otherwise noted in this chapter, two of the members appointed by the Governor and one of the members appointed by the Mayor shall be persons having background and training in the following fields:
 - (a) Engineering, or;
 - (b) Environmental protection or the study of ecosystems or energy supply, or;
 - (c) Urban planning, or;
 - (d) Urban or rural sociology, or;
 - (e) Economics, with an emphasis on urban and regional economics.

The remaining members appointed by the Governor and the Mayor shall be persons who have demonstrated a high degree of commitment to public service in general and to the ideal of the public good in particular.

No member appointed from the public at large shall be an employee of either the State or City or hold any other commission thereof during his or her term on the Policy Committee.

- (d) SECTION 6. Ex-Officio members. The Director of the State Department of Transportation, the Director of the State Department of Planning and Economic Development, the Director of the City Department of Transportation Services and the Chief Planning Officer of the City Department of General Planning shall be non-voting ex-officio members of the Policy Committee for advisory purposes.
- (e) SECTION 7. Functions of Policy Committee. The functions of the Policy Committee of the Oahu Metropolitan Planning Organization shall include:
- (1) Development of a master transportation plan for Oahu.
 - (2) Review of the capital improvement programs of both the City and State for urbanized and rural areas of Oahu as they concern transportation.
 - (3) Integration of transportation planning for Oahu, with the State-wide Transportation Planning Program authorized by Act 218, SLH 1974.
 - (4) Recommendations to the State Legislature and City Council regarding transportation policy matters.
 - (5) Liaison with the Intermodal Planning Group of the Secretary of Transportation.
 - (6) Coordination of mathematical modeling essential to the transportation planning process of Oahu.
 - (7) Insuring a continuing, comprehensive transportation planning process carried on cooperatively by the State and City.
 - (8) Develop a formula for the distribution of metropolitan planning funds which shall consider but not necessarily be limited to population, status of planning, and metropolitan area transportation needs, and submit this formula for approval by the Secretary of Transportation.
 - (9) Receive and distribute Section 112 transportation planning funds under the provisions of the Federal-Aid Highway Act of 1973.
 - (10) Receive and distribute funds under Section 9 of the Urban Mass Transportation Act of 1964, as amended.
 - (11) Approve the dispersal and utilization of Federal funds for transit purposes provided to the City under Section 5 of the Urban Mass Transportation Act of 1964, as amended.
 - (12) Undertake such other functions as may become appropriate to insure a joint planning process between City and State.
- (f) SECTION 8. Exclusions. Airport, harbor and waterway planning are specifically excluded from the direct aegis of the Metropolitan Planning Organization, as airports, harbors and waterways are part of the balanced and integrated statewide transportation system. This section shall apply only if permitted under federal law.
- (g) SECTION 9. Meetings. The Policy Committee shall meet no less than once a month. Unless provided otherwise in this chapter, no decision shall be made without a prior public hearing. All public hearings shall be held under chapter 91, Hawaii Revised Statutes, at a time and place which is convenient to the public. Notice of meetings shall be published in a newspaper of general circulation at least forty-eight hours in advance.
- (h) SECTION 10. Standards of Conduct. All members of the OMPO shall be

subject to the standards of ethical conduct required of every nominated, appointed, or elected officer or employee of the State or the City, as is appropriate. No member of the Policy Committee who is appointed from the public at large shall be an employee of either the State or City or hold any other public office except as permitted under this chapter.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1428, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Clarke.

SCRep. 471 Energy and Transportation on H.B. No. 1801

The purpose of this bill is to amend Chapter 264, Hawaii Revised Statutes, requiring state or county agencies preparing proposed plans for public highways to conduct public hearings before such plans are finalized and in sufficient time to apprise all interested persons of the proposed route of the highway.

Testimony presented by the Department of Transportation states that public hearings should be only for major projects on public highways or those which result in the taking of rights-of-way. Minor widening, resurfacing, and spot improvement projects should not be held to this requirement.

Your Committee recommends the following amendment:

1. "Any state or county agency which prepares proposed plans for major projects or those which result in the taking of rights-of-way shall conduct public hearings before such plans are finalized in sufficient time to apprise all interested persons of the proposed route of such major projects and rights of ways."

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1801, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1801, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Clarke.

SCRep. 472 Judiciary on H.B. No. 1249 (Majority)

The purpose of this bill is to clarify confusion in the interpretation of the existing comparative negligence law. Section 663-21(a) of the Hawaii Revised Statutes was patterned after the Wisconsin law. The Wisconsin law encountered some degree of confusion until the court, in *Vincent vs. Pabts Brewing Company*, 47 Wis. 120 (1970), essentially, in its decision, mandated the legislature to amend the statute and strike from the law the words "as great as" and substitute therefor the words "greater than". This was done by the Wisconsin legislature and this bill attempts to make the identical change to the Hawaii law.

The present law, as interpreted, bars recovery where a plaintiff has been found 50% of his damages from a defendant who is found to be equally at fault. As stated earlier, under the present law, such an injured party would have been barred from recovery.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1249, and recommends that it pass Second Reading in the form attached hereto and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Takamine and Medeiros.

Representative Sutton did not concur.

SCRep. 473 Judiciary on H.B. No. 571 (Majority)

The purpose of this bill is to create a new offense known as harassment of a peace officer.

The bill would provide for a specific offense relating to a peace officer being annoyed, offensively touched, insulted etc. The offense would be a misdemeanor.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 571 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Cayetano, Naito and Stanley did not concur.

SCRep. 474 Judiciary on H.B. No. 1754

The purpose of this bill was to allow musicians to perform on the street, mall, or sidewalk, much the way they performed in the days prior to World War II on boat days, at Waikiki and along some of the downtown streets.

Testimony indicated that these musical or theatrical performances would not be a violation of the existing disorderly conduct statute. However, because the propriety of such activities was unclear under existing laws, this bill was introduced to specifically permit the activities of street musicians where their actions are not otherwise in violation of existing laws. This bill is not intended to permit a practice where the public sidewalks, streets, and thoroughfares would be obstructed. It is also intended to apply to non-amplified music only. This will permit many of our Hawaiian and other musicians to bring the flavor and spirit of the old Hawaii back to the community.

Your Committee recommends that amendments be made to the bill to reflect the above intent.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1754, as amend herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1754, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 475 Judiciary on H.B. No. 929

The purpose of this bill is to amend the penal code as it relates to criminal trespass.

This bill would make it an offense of criminal trespass in the first degree for anyone who knowingly or unlawfully entered premises which were fenced or enclosed in a manner designed to exclude intruders and had in his possession a firearm at the time of intrusion. This offense would be a misdemeanor.

Testimony indicated that this bill would aid the rancher with respect to problems of rustling, since it is difficult to catch a rustler in the act. This amendment would provide another means of combating the problem.

For purposes of clarity, your Committee recommends that certain non-substantive changes be made to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 929, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 929, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 476 Judiciary on H.B. No. 646

The purpose of this bill is to amend the penal code as it relates to trespass.

The bill would make it an offense of criminal trespass in the second degree for anyone to "knowingly enter or remain unlawfully in or upon premises." Presently, such an act is an offense of simple trespass which is a violation not subject to physical arrest. Testimony indicated that, by classifying the offense in the second degree, the statute would be more readily enforceable since it would be a petty misdemeanor.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 646 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 477 Judiciary on H.B. No. 445

The purpose of this bill is: (1) to require the registered owner of a vehicle to notify the appropriate County Director of Finance of any change of address or name different from that shown on the application or the certificate of registration or ownership; (2) to require a licensed driver to notify the examiner of drivers of any change of address or name different from that shown on the application or the license.

Your Committee was made aware that State and County agencies are utilizing traffic records systems to: (1) mail automobile registration and inspection information to vehicle owners, (2) mail license information to owners, and (3) enable the State Judiciary and local police departments to operate an effective criminal and traffic program.

The testimony stressed that such a system helps to implement driver and vehicle safety programs. This bill would enable such programs to be more effective by making the public aware of their obligation to report name and address changes within 30 days or be subject to a fine of up to \$25.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 445 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 478 Judiciary on H.B. No. 846

The purpose of this bill is to increase marriage license fees and the compensation of agents authorized to grant such licenses.

The fee for a marriage license would be increased from \$5 to \$8 under this bill. A marriage license agent, who is not a State employee, would be entitled to retain one-half of that fee i.e. \$4. Presently the agent can only retain \$3.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 846 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 479 Judiciary on H.B. No. 822

The purpose of this bill is to increase the fee for serving any criminal summons, warrant, attachment or other criminal process and provide for mileage fees.

The increase would be from \$6 to \$10. Testimony indicated that this increase would benefit most the unsalaried subordinates of sheriffs and chiefs of police. The individuals are not State or County employees and make their livings from these fees. Such an increase would not provide them with any windfall gain but merely a better level of compensation for their labor. The mileage fees would be primarily a reimbursement for automobile expenses.

Your Committee recommends that non-substantive amendments be made to clarify this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 822, amended in the form attached hereto as H.B. No. 822, H.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. 480 Judiciary on H.B. No. 103

The purpose of this bill is to increase the penalties for promoting harmful drugs.

This bill would make promoting a harmful drug in the first degree a class A felony and promoting a harmful drug in the second degree a class B felony. Presently each offense is a class B and C felony respectively.

The increase in penalties will punish those who engage in such activities. On the other hand, it may provide a deterrent to one considering engaging in promoting harmful drugs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 103 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 Judiciary on H.B. No. 377 (Majority)

The purpose of this bill is to provide the legal basis to maximize the use of Department of Defense facilities by authorizing the Adjutant General to permit use of or temporarily rent to civic, community, veterans and other non-profit public organization and groups, such portions of armories, rifle ranges, reservations and installations that are State owned as well as license from the Federal Government.

This bill would permit use of these facilities when not interfering with military functions. The funds received from rentals would be deposited with the general fund of the State.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 377 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Carroll did not concur.

SCRep. 482 Consumer Protection and Commerce and Judiciary on H.B. No. 821

The purpose of H.B. No. 821 is to provide reasonable basis for the Attorney General to pursue the preservation of the expression and reasonable public access to diverse and independent editorial voices which was the object of the anti-trust exemption extended to newspapers by Act 205, Session Laws of Hawaii, 1972.

Your Committee notes that when, in the wake of the Newspaper Preservation Act passed by the U.S. Congress in 1970, the Legislature of the State of Hawaii passed Act 205 in 1972, we then found urgent need to maintain the "diversity of opinion... essential to public awareness and understanding of vital issues" availed by competing newspapers. It appears that what we sought so urgently to protect is again under attack, but this time from another more subtle source.

Act 205 had been enacted at a time when both major newspapers of this State--Honolulu Advertiser and the Honolulu Star Bulletin--testified favorably for its enactment and particularly cited the fact that over the course of years the editorial voice of the Honolulu Advertiser was in danger of being stifled by the reality of competitive economics. Act 205 accordingly approved the "merger" of the operational aspects of these newspapers while requiring editorial independence, in order that diversity of editorial expression may be maintained for our people.

Today we find the anomaly that the financially susceptible Honolulu Advertiser

is able to maintain its editorial voice circulated over the more distant parts of these islands, while the "stronger" Honolulu Star-Bulletin, after having benefited from the operational merger since 1972, has limited its circulation in the more distant parts of this state upon the claim that the same is necessitated by economic reality. We suspect that profit motivated "economic convenience" rather than "economic reality" now prompts the Honolulu Star-Bulletin's readiness to withdraw from its public responsibility, and leave our people in outlying areas to hear only the single editorial voice of its competitor.

The Star-Bulletin's witness under questioning before our committee pointed singularly to the recent U.S. Supreme Court case of Miami Herald Publishing Company v. Tornillo, 41 L.Ed. 2nd 730 (1974). That case held that Florida's "right to reply" statute that grants political candidate a right to equal time to answer criticisms and attacks was unconstitutional. The court said that faced with the penalty that would accrue under it "editors might well conclude that the safe course is to avoid controversy," and this "dampens the vigor and limits the variety of public debate."

Your Committee fails to see how that ruling is relevant to the question raised by H.B. 821. Here, the purpose no way suggests interference with editorial matters, but only that the Attorney General should be appropriately equipped to inquire into the "economic realities" of those taking advantage of the anti-trust exemption of Act 205, and to determine whether the sought for objective thereunder is being pursued and maintained.

Public access to diverse and independent editorial voice requires two things. First, that its expression be free. The second is that its circulation must be reasonably accessible to the public. The public has no access to editorial views unless the views are reasonably availed by the newspaper's circulation.

In establishing the applicability of anti-trust laws to newspapers, the U.S. Supreme Court (prior to the Newspaper Preservation Act) rejected the contention that the First Amendment made the news media immune from anti-trust provisions. In Associated Press v. United States, 326 U.S. 1 (1945), the Court said, "Surely a command that the government itself shall not impede the free flow of ideas does not afford non-governmental combinations a refuge if they impose restraints upon the constitutionally guaranteed freedom. Freedom to publish means freedom for all and not for some. Freedom to publish is guaranteed by the Constitution, but freedom to combine to keep others from publishing is not."

Your Committee feels that where Act 205 permits the Honolulu Star-Bulletin and the Honolulu Advertiser to combine in certain restraint against other and possible competitors, such allowance, was granted upon the over-riding concern that diverse editorial views should be maintained. The obvious and implicit understanding of the legislature's action was that these newspapers would remain diligent in their public trust and maintain the extents of their circulations as existed at the time the exemption was granted. There can be no question that such exemptions were not intended to permit either of the exempted newspapers to reap unfairly out of the permitted combinations that inhibits other potential competitors.

It is your Committee's view that reasonable conditions can be attached to the grant of exemptions from our anti-trust laws. We feel that requiring reasonable circulation by the exemptees is valid as public access to the diverse and independent editorial voices of the exemptees is of compelling and paramount public interest.

Your Committee notes the specific references of the Honolulu Advertiser and the Honolulu Star-Bulletin in section 430-34(c) of the original version of H.B. No. 821. We feel that our effort toward maintaining reasonable public access to diverse and independent editorial voices should be addressed to all newspapers taking advantage of the anti-trust exemptions. Your Committee has accordingly re-drafted section 430-34(c) in H.D. 1.

Noting that section 480-34(d) would require the newspapers' filing of financial statements, your Committee is advised by the Attorney General's opinion letter to Senator Joseph T. Kuroda, dated March 6, 1975 to the effect that the Legislative Auditor may constitutionally examine the financial statements and records of newspaper companies. Accordingly, we see no impediment to appropriate legislation in this regard.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 821 amended herein and recommends that

it pass Second Reading in the form attached hereto as H.B. No. 821, H.D.1 and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yap.

SCRep. 483 Labor and Public Employment on H.B. No. 1354 (Majority)

The purpose of this bill is to amend the laws relating to the Hawaii public employment relations board. This bill would increase the term of each member of the board from a six year term to a ten year term. Two members of the board would constitute a quorum. Employees of the board as established under Section 371-4, Hawaii Revised Statutes, other than clerical and stenographic employees, shall be exempt from Chapters 76 and 77, Hawaii Revised Statutes.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1354 and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1354, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Naito, Stanley, Yuen and Larsen did not concur.

SCRep. 484 Judiciary on H.B. No. 1408

The purpose of this bill is to amend section 604-7(a)(2), Hawaii Revised Statutes, to permit district courts judges to subpoena witnesses from any part of the State to attend court without the necessity of having the subpoena endorsed by a circuit court judge.

Your Committee finds that it is appropriate to vest this power with a district judge in that the district courts are courts of record and subpoena power is an appropriate power for such courts to exercise.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1408, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 485 Judiciary on H.B. No. 126

The purpose of House Bill No. 126 is to declare and provide for implementation of the policy that discussions, deliberations, decisions, and actions of governmental agencies should be conducted as openly as possible and not in secret.

Your committee heard extensive testimonies on this measure. We feel there is justification for concern for greater citizen involvement in government, and for better public access to information regarding its operation and the reasons upon which governmental actions are based.

House Bill No. 126 requires that all meetings of governmental bodies be open to public scrutiny, with attendant requirements for prior notification, minimum standards for contents and availability of minutes, invalidation of actions taken at meetings failing to meet these requirements, and their enforcement by penalty, including removal from office.

To preserve the sanctity of certain matters--such as personnel matters, labor negotiations and consultation with attorneys--that must of necessity require private deliberation, this bill excludes "executive meetings" from the open meeting requirement. However, it also makes it explicit that final actions on such other governmental activities as rulings, decisions, etc., are not to be accomplished at executive meetings.

This measure also provides for less stringent notification requirements for emergency situations where meeting the ordinary seven-day notice requirement is impossible.

This bill extends the open meetings concept to the State legislature, except that the

details of the rules to apply to its proceedings, their enforcement and sanctions are to be reserved to the respective prerogatives of each house as required by Article III, Section 13 of the Constitution of the State of Hawaii.

Your committee amended the original version of House Bill No. 126 in the following respects:

(1) Your committee is in disagreement with the definition of "meeting". Your committee observes that as it appears on the original version of the bill, such definition would make it a crime for members of a governmental body to informally discuss almost anything of official concern among themselves. As such, the presumption would govern that any informal conversation between such members are necessarily sinister.

Your committee is of a contrary view. We think that free and honest discussion is the essence of intelligent and effective government. We think that diligence requires a participant in the governmental process to make thorough inquiries into every aspect of any public policy or matter that comes before him. We expect that he will search out others in exchange of ideas and to learn from the expertise and different viewpoints of others. In our private lives this is accomplished by exercise of our cherished right of private conversation. We cannot deny this right to an individual merely because he participates in the process of government.

Accordingly, your committee has amended the original version of House Bill No. 126 to except "informal conversation" from the definition of "meeting". Similarly, your committee has also excepted "informal meetings" which are not called by the chairman or the majority of the board from the same definition.

Your committee is aware of the dangers of "secret" government. We feel, however, that sufficient safeguards are provided in the requirement of prior notice of meetings, public attendance at meetings, and public access to minutes. Your committee feels that manipulations to stifle open debate or disclosure will become sufficiently evident through these safeguards. Accordingly, your committee amended the definition of "meeting" at subsection 92-2(3) to exclude informal conversations among members in preparation for, or in the course of, open discussion.

(2) The requirement for the vote of "two-thirds of all members" governing various aspects of the bill was amended to read "two-thirds of the members present." Your committee felt that this was more realistic.

(3) The requirement that all meeting be held in government buildings was deleted from the reason that very often governmental process in outlying districts occur where there are no governmental facilities.

(4) The requirement that an agenda be filed with the lieutenant governor or the county clerk seven days prior to a meeting was amended to require the same "where possible," and by adding the proviso that except "emergencies" and situations already governed by other law.

(5) The notice requirement has been amended to require only reasonable effort to notify interested persons and the news media. It was felt that what is to constitute "reasonableness" must be handled on a case by case basis.

(6) The reference to "imminent peril" was substituted by the words "emergency and unforeseen circumstances." A body of decisional law has already evolved with respect to the word "emergency" in administrative law. Also in this regard, the requirement for filing written findings or justification was deleted. Nonetheless, reasonable effort to notify interested persons and the news media is required even in emergency situations. Again, "reasonableness" is to be determined by the attendant circumstances of a given case.

(7) The requirement with reference to "minutes" was amended to permit 60 days for their availability to the public, rather than the 30 days required by the original form of the bill.

(8) The provision requiring automatic removal from office for violations of the requirement of this bill was changed to enable the judiciary to be able to exercise discretion on the application of this remedy. Your committee felt that the necessity for removal from office should depend on the severity of the violation. For instance, whether a violation occurred out of wilfulness or because of mistake may well be

determinative of the measure of penalty that should be inflicted.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 126, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Carroll, Oda and Sutton.

SCRep. 486 Judiciary on H.B. No. 1782 (Majority)

The purpose of this bill is to subject persons who are defined under the Hawaii Penal Code as accomplices to the commission of a crime to the same penalties as those who actually perpetrated the crime itself. At the present time, according to the testimony of Lawrence Grean of the City and County of Honolulu's Prosecuting Office in a situation where a crime is committed by a gang of criminals, the prosecutors are required to identify the exact roles that each person played in the commission of the crime. This requirement is especially burdensome in the situation where the parties committing the offense wear masks or are otherwise disguised. Representatives from the Prosecuting Attorney's office for the City and County of Honolulu and the Honolulu Police Department testified that this bill would correct the situation by making every member in the gang guilty of every criminal act committed by other members of the gang at that time of the offense.

Your Committee recommends that this bill be amended by inserting on Line 18 between the word "to" and the word "indictment" the word "information, complaint" to clarify and expand the provision to all court situations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1782, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1782, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Cayetano did not concur.

SCRep. 487 Judiciary on H.B. No. 1890 (Majority)

Without infringing upon the power of any court to prevent the unauthorized practice of law, the purpose of this bill is to authorize the Attorney General or any organized bar association in this State to maintain actions to prevent the unauthorized practice of law.

There is a need to protect the public from receiving and relying upon "legal" advice from a person whom the State has not found to be competent to provide such advice. The sooner unauthorized law practices can be halted, the less the public will be exposed to its potentially damaging circumstances. The Bar Association is in the best position to learn of any violations at an early point in time.

Presently, only five other states besides Hawaii require the enforcement of unauthorized practice of law by the prosecuting attorney. Most states give the local bar associations standing to prosecute such activities. With passage of H.B. No. 1890 Hawaii joins the majority of states which already permit action by the local bar association.

The bill, as originally drafted, sought to repeal the criminal sanctions and substitute civil ones. Your Committee on Judiciary believes the civil sanctions are a worthwhile addition. However, your Committee believes the criminal sanctions should remain. The bill was amended to retain the criminal sanctions in addition to the civil ones, limiting, however, the authority to pursue criminal sanctions to the attorney general.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1890, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1890, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Naito did not concur.

SCRep. 488 Housing on H.B. No. 1900

The purpose of this bill is to amend Section 46-15, Hawaii Revised Statutes, to eliminate the existing provision which allows a county to designate areas of land for experimental and demonstration housing projects if the land is in any district contiguous to an existing urban district.

Your Committee finds that the purposes of Hawaii's pioneering Land Use Law remains even more valid today than at the time of its enactment in 1961. The purposes of the Land Use Law include 1) the provision of adequate devices to insure Hawaii's limited and valuable land not be used for short-term gain for a few with a resultant long-term loss to income and growth potential of our economy and 2) preservation of our prime agricultural lands.

Your Committee is aware of steps being taken during the 1975 Legislative Session to improve and strengthen the Land Use Law by requiring the development of State planning policies and criteria and be reforming the procedures followed by the Land Use Commission in order to effect more openness and accountability to the public.

Your Committee believes that the present provisions of Section 46-15 might be construed to create a serious loophole which, unless amended as provided in this bill, could open the door to significant circumvention of the Land Use Law. The existing statute permits the counties to develop experimental and demonstration housing projects in agricultural and conservation districts without regard to the Land Use Law as long as the project is adjacent to or within an existing urban district.

Your Committee is aware of the commendable efforts of the counties in developing housing programs for the people of the State. This bill does not intend to significantly retard or disrupt the counties' efforts in this regard but only to insure that adequate controls are present concerning housing projects in which it is proposed to utilize prime agricultural or conservation lands.

Your Committee has heard testimony from the City and County of Honolulu that this bill will seriously disrupt and impair its future housing programs. The bill in no way restricts the counties' powers to develop housing within existing urban districts. Furthermore, agricultural and conservation lands can be utilized by the counties if the controls set forth in the Land Use Law are adhered to. The procedural requirements of the law may in some instances require some delay in rezoning requests, but it is felt that relatively short delays are well worth insuring that proposed county projects are in accord with the overall State policies and criteria. This Committee would like to draw attention to the recently released State of Hawaii Selected Growth Policies Plan, in particular, those sections relating to recommended housing and land use policies and suggested implementing action. These sections recognize that one of the primary objectives of the State planning effort is the protection and preservation of agricultural lands and open space. Therefore, future urban growth should first be directed towards existing urban areas before encroaching upon agricultural or conservation areas. Moreover, your Committee points out that Section 46-15 applies only to "experimental and demonstration housing projects." This provision in your Committee's view was never intended to authorize large scale housing developments but only the implementation of relatively small scale innovative concepts. Hence, the assertion of the City and County of Honolulu that this bill disrupts its large scale program appears unfounded.

It is your Committee's belief that the State and counties should not compete with one another in the creation and development of housing for the people of Hawaii. Rather, cooperation between the various State and county agencies would appear to be in consonance with the stated intent of Acts 105, 179, and 108.

Your Committee recommends technical amendments in Section 1, page 3 of this bill by deleting material inadvertently included in typing this bill.

Instructions to the Revisor of Statutes have also been amended to conform to proper format.

Your Committee further recommends that Section 3 of this bill be amended to become effective upon its approval.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1900, H.D. 1, and be placed on the calendar for Third

Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 489 Housing on H.B. No. 1887

The purpose of this bill is to amend the definition of "displaced person" as prescribed in Chapter III, Hawaii Revised Statutes to expand and specify those excluded from government assistance as provided for in this chapter.

This bill also provided a definition for "dwelling," not before included in this chapter, to mean any structure not in violation of a zoning code ordinance.

Your Committee, upon consideration of this bill, recommends the following amendments:

- (1) Section 1 of this bill be amended to leave the definition of "displaced person" intact and add to it the exclusion provision.
- (2) Section 1 of this bill be further amended to prescribe the type of zoning code ordinances a "dwelling" shall not be in violation of. To accomplish this, your Committee recommends that the words "building and" be added to "zoning" in order to describe the code ordinances more fully.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1887, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ikeda and Sutton.

SCRep. 490 Housing on H.B. No. 1426

The purpose of this bill is to eliminate the mandatory requirement that the Hawaii Housing Authority set maximum limits for tenant selection in public housing projects.

This technical change in the operation and management of housing projects of the Hawaii Housing Authority is advisable since the enactment of the federal Housing and Community Development Act of 1974. This federal act has made maximum income limits for low-rent public housing unnecessary since the rules and regulations, as yet unissued by the Department of Housing and Urban Development, will probably leave the adoption of maximum income limits optional with the local housing authorities.

Your Committee, upon consideration of this bill, has made technical amendments in Section 1 to clarify the intent and purpose of this bill.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1426, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ikeda and Sutton.

SCRep. 491 Finance on H.B. No. 10

The purpose of this bill is to amend various provisions of Chapter 37 pertaining to the allotment control system.

The present system of allotment control extends to a fine level of detail. This control involves the approval, disapproval, or modification of specific objects of expenditure. Such a system poses no serious problems when the amounts allotted are the same as the amounts appropriated. However, in time of austerity when allotments are substantially below appropriations, the central budget agency, through the allotment system, exercises control over program execution decisions. In order to place the responsibility for such decisions where it rightfully belongs without any detraction from the central budget agency's responsibility to oversee and safeguard the overall

financial condition of the State, this bill provides that when allotments are less than appropriations, the central budget agency would notify the various agencies of the aggregate reductions to be made but each agency would decide which program and which objects of expenditures are to be reduced.

This bill amends various provisions of HRS, Chapter 37 pertaining to the allotment control system. The more significant changes proposed are as follows:

1. Amendments to Section 37-31 (Intent and Policy) providing that savings may be effected with due regards to changing revenue condition.
2. Amendments to Section 37-31 (Intent and Policy) providing that savings due to economic and efficient management can be effected when such savings can be accomplished while achieving the program objectives intended by the Legislature.
3. Amendments to Section 37-35 (Approval of Estimated Expenditures) providing that the agencies will resubmit expenditure estimates if such adjustments are found necessary by the Administration. The Administration will determine the aggregate amount of the adjustments to be made but each agency will be allowed to determine the specific program adjustments it wishes to effect.
4. Amendments to Section 37-37 (Reduction of Allotments) providing that savings due to economic and efficient management may be effected if program objectives intended by the Legislature can still be achieved and allowing the agencies to resubmit expenditure estimates if such adjustments are found necessary. Also, similar to amendments in Section 37-35 the Administration will determine the aggregate amount of the adjustments to be made but each agency will be allowed to determine the specific program adjustments it wishes to effect.
5. Amendments to Section 37-39 (Reduction of Allotted Amounts for Objects and Items) providing that the agency may reduce expenditure for specific items and objects of expenditures only if program objectives intended by the Legislature can still be achieved in spite of the reduction.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 10 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 Lunasco.

SCRep. 492 Finance on H.B. No. 1113

The purpose of this bill is to amend section 387-1, Hawaii Revised Statutes, the Wage and Hour Law, to delete the exclusion of the State and the various counties from the provisions of law.

The intent of this bill is accomplished by amending the definition of "employer" by deleting the words "the State or any political subdivision thereof or". The effect of this amendment is that employees of state and county agencies must be paid the minimum wage as the state and counties will now fall under the definition of "employer" under the Wage and Hour Law.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1113 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 Lunasco.

SCRep. 493 Health on H.B. No. 385

The purpose of this bill is to remove the present prohibition of the sale of prophylactics in vending machines and permit the sale of prophylactics in this manner, under regulation as to the location of the vending machines.

Your Committee finds that although prophylactics have been available upon request at drug stores, the distribution to persons who would obtain the greatest benefit from these devices have been limited due to hours of operation or limited geographical distribution of drug stores. Venereal disease, principally gonorrhoea, has increased

in great proportion among older teenagers and young adults up to 30 years of age. During 1973, there were 2,408 reported cases of gonorrhoea and in 1974, statistics showed that there were 2,923 reported cases, an increase of 515 cases during a one year period. In order to prevent the wide spread of infection, preventive measures must be taken in order to protect persons who may be exposed to others who are infected. One of these measure is the use of a mechanical device such as a condom to reduce physical contact of potentially infectious areas to a minimum. By permitting the sale of prophylactics in vending machines, the availability of prophylactic devices would contribute to reducing the likelihood of the transmission of venereal disease.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 385 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 494 Health on H.B. No. 999

The purpose of this bill is to amend state law to conform with the provisions of Public Law 93-641, the National Health Planning and Resources Development Act of 1974.

The federal government enacted Public Law 93-641 in response to growing public concern over the rising cost of health care, the inequitable distribution of health care personnel and facilities, and the lack of uniformly effective means of health care delivery. Efforts to combat these problems have not provided maximum efficiency and effectiveness in the development of health care delivery systems. As a result, the intended effect, controlling the inflationary costs of health care, has been minimal.

The need for comprehensive planning to provide equal access to quality health care at a reasonable cost has been recognized by the Federal Act which addresses itself to the need to facilitate the development of a national health planning policy, to augment statewide and areawide health planning efforts, and to authorize financial assistance for the development of health resources and facilities. More specifically, the Act provides for a nationwide network of health systems agencies responsible for the planning of health services, manpower, and facilities within health service areas. At the state level, it requires the designation of a health planning agency which will review and coordinate areawide plans and conduct statewide health planning activities with the assistance of an advisory council consisting of consumer, health care providers, and representatives of the health systems agencies.

The Federal Act also introduces a new, planning-oriented approach to federal support of health care services and facilities by authorizing direct support for health planning activities and making federal funding contingent upon the consistency of proposed services and facilities with health plans. In order to qualify for federal funding for health planning and facilities development, states must amend their laws to meet these requirements.

The problems highlighted in the Federal Act can be evidenced in Hawaii. Rising health care costs, an inequitable distribution of health care manpower and the geographic features of the State have made health care delivery difficult. Therefore, your Committee believes that amendments to the Hawaii Revised Statutes to meet the requirements of federal funding will strengthen and improve efficiency and effectiveness of the current health planning system by providing for its restructuring.

Your Committee has amended H.B. No. 999 as follows:

- (1) By establishing a state agency to be known as the state health planning and development agency which shall be responsible for the integration of areawide health plans into a statewide health plan, the establishment of priorities in the State, and the performance of regulatory functions relating to the State health plan and the medical facilities plan required under Public Law 93-641. The agency is to be headed by an administrator who shall be appointed by the Governor.
- (2) By establishing a Statewide Health Coordinating Council which shall prepare, review and revise as necessary, long-range and short-term State health plans developed by the state health planning and development agency and the health

systems agency. In addition, the Council shall review the budget of each health systems agency, review applications by each systems agency for planning and development fund grants, and forward its comments to the Secretary of Health, Education, and Welfare. The membership of the Council shall be composed of no fewer than sixteen members who shall represent health systems agencies, public elected and government officials, and consumers. Consumers shall be the majority of the membership of the council. Members shall receive no salary but shall be compensated for expenses. They shall be appointed in accordance with Section 26-34.

- (3) By providing for the Governor to designate health service areas within the State for health planning purposes.
- (4) By providing for the designated health systems agencies serving the health service areas to develop systems plans for their designated areas.
- (5) By providing for the establishment of a medical facilities plan which shall be consistent with the state health plan and the development of health services.
- (6) By providing legislative review of the state health plan, the state medical facilities plan and all other plans required to be submitted to the federal government under Public Law 93-641.
- (7) By providing for a state certification of need program and for compliance with the federal requirement under Section 1122, of Title XI of the Social Security Act relating to facilities construction.
- (8) By providing for the appropriate transitional language required in the transfer of functions.
- (9) By providing for the governor to modify the strict construction of the provisions of the Act so as not to jeopardize federal funds.
- (10) By providing that, if the Secretary of Health, Education and Welfare determines that the State of Hawaii has (1) no county or municipal public health institution or department or has maintained a health planning system which substantially complies with Public Law 93-641, the provisions relating to the health service area, the health systems agency shall not be established and the agency designated as the state health planning and development agency shall be authorized to receive federal funds under the federal law and perform the duties of the health systems agencies.
- (11) By providing for an effective date of July 1, 1975; provided the establishment of the new agency created under the Act is approved by the Secretary of Health, Education and Welfare.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 999, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 999, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 495 Finance on H.B. No. 67

The purpose of this bill is to increase statewide outreach services for the elderly.

Many elderly people do not avail themselves of services that can be provided to them. This may be due to the lack of knowledge of the services or the inability to move freely from place to place. The frustration of retirement on a fixed income while trying to meet rising taxes, food prices, utility rates, and medical expenses are all too common among our elderly people. Many of these problems can be approached on a one-to-one basis through outreach programs.

This bill will appropriate \$174,447 for the expansion of outreach services for the

elderly, to include bilingual outreach counselors and other operational costs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 67, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 496 Finance on H.B. No. 62

The purpose of this bill is to create an executive office on aging in the office of the governor.

The intent of this bill is to eliminate the present fragmentation of service delivery functions both at the state and local levels by assigning a clear responsibility to independent agencies at both levels.

House Standing Committee Report No. 170 sets forth the extensive changes necessary to accomplish the reorganization of various functions related to services for the elderly and your Committee on Finance agrees with recommendations submitted therein by your Committee on Youth and Elderly Affairs.

Your Committee on Finance approves the appropriation made by this bill in the amount of \$278,808.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 62, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 497 Finance on H.B. No. 40

The purpose of this bill is to fund chapter 115, Hawaii Revised Statutes, for the purpose of assisting the various counties in the purchase of land for public rights-of-way to the shorelines and the sea and for public transit corridors where the topography is such that safe transit does not exist along the shoreline.

Your Committee has amended this bill to appropriate \$1,000,000 out of general obligation bonds (instead of out of the general revenues).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 40, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 40, H.D. 2.

Signed by all members of the Committee.

SCRep. 498 Finance on H.B. No. 100

The purpose of this bill is to provide the mechanism by which the State can attain the optimum development of tourism while maintaining the quality of life for the people of this State.

This bill appropriates \$100,000 to establish an office of tourism headed by a director of tourism. It establishes a visitor industry council, requires the development of a ten-year controlled growth policy plan for tourism, provides the director of tourism with the authority to contract for services with the Hawaii Visitors Bureau and other tourist related organizations for the promotion of tourism. See House Standing Committee Report No. 220 submitted by your Committee on Tourism which your Committee on Finance has reviewed. Your Committee on Finance approves the appropriation for \$100,000 for the purposes of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 100, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 499 Finance on H.B. No. 24

The purpose of this bill is to: amend the Hawaii Revised Statutes so as to allow the State of Hawaii to participate in the State Student Incentive Grant Program and make an appropriation for the program; amend the Hawaii Revised Statutes to allow the University of Hawaii to concurrently register a State Scholarship holder at two or more campuses without having to make use of two scholarship units; allow the University to set up other rules and regulations as may be required to administer the scholarship program; and to make an appropriation for the College Work-Study Program. Your Committee on Higher Education heard testimony on this bill reported in House Standing Committee Report No. 348.

Your Committee on Finance accepts the recommendation in H.S.C.R. No. 348 as to the appropriation for the State Student Incentive Grant Program. And this bill is amended to charge the amounts so recommended to be appropriated for this program, i.e., \$290,000 (\$90,000 for 1975-76 and \$200,000 for 1976-77).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 24, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 24, H.D. 2.

Signed by all members of the Committee.

SCRep. 500 Higher Education on H.B. No. 455

The purpose of this Act is to repeal Chapter 305E, Hawaii Revised Statutes, which establishes the College Credit Equivalency Program.

Your Committee believes that the 1973 Legislature established the College Credit Equivalency Program so that the State of Hawaii could address a critical problem which faces many universities and colleges; that academic work should not be duplicated and that the educational process should not be extended unnecessarily. In establishing the College Credit Equivalency Program, the Legislature expressed a desire to put into practice throughout the University of Hawaii system clear policies and procedures for the granting of college credit for competencies gained through non-college classroom learning experiences.

Your Committee heard testimony from Dr. Peter Dyer, Academic Planner in the Office of the Vice-President for Academic Affairs, University of Hawaii System Office, that the approach mandated for validation of educational experiences is not feasible. Dr. Dyer stated that Act 207 directs the University of Hawaii to establish policies and procedures to administer the program and to make public the following:

- (1) A list of the high school business school, trade school and adult education courses for which college credit may be earned;
- (2) The number of credits which may be earned for each course; and
- (3) The minimum standards of grades necessary to earn college credits.

Dr. Dyer noted that it is extremely difficult to determine solely by course number and course description whether one course is equivalent to another. Equivalency must be established by evaluation and examination. Your Committee understands that to provide for necessary examination and evaluation of every possible course covered under the law would mean that the University of Hawaii will become a kind of accrediting agency. The task of coordinating this assessment process and of annually monitoring all changes would require a full-time staff. Dr. Dyer further stated that estimates for such a task range from \$150,000 to \$200,000 for the first year and over \$75,000 for each year thereafter.

Your Committee was also informed that, since the enactment of Act 207, 1973 Regular Session, the University has developed a number of methods of validating educational competencies to which include: credit by examination, the prior work experience evaluation, the United States Armed Forces Institute and others.

Your Committee believes, however, that methods of validating educational competencies are long over due and that Act 207 was instrumental in the development of such validation procedures. Your Committee feels that it is unnecessary to repeal the law at this time but that certain amendments are needed.

Therefore, your Committee has amended the present law in the following manner:

- (1) By amending the purpose of the law from awarding college credit to awarding equivalent college credit to students who demonstrate that they have attained competencies equivalent to that which otherwise would be attained by completion of a course;
- (2) By amending Section 305E-2, Hawaii Revised Statutes, to include under policies and procedures: a list of courses offered by each of the campuses of the University of Hawaii for which competencies may be validated; the methods by which competencies may be validated; the number of college credits for each equivalent course which may be awarded; and the minimum standards of grades necessary to be awarded college credit.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 455, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 455, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Kunimura, Machida, Hakoda and Ikeda.

SCRep. 501 Housing on H.B. No. 55

The purposes of this Bill are to correct several unconscionable features of current residential lease rent renegotiation, and to properly and fairly establish the values inhering to the lessor and lessee.

Your Committee has found, because of the shortage of residential lands and the rapid appreciation in the value of such land, rents charged the lessee of residential leaseholds have increased greatly and all indications suggest even greater increases in the future. These rent increases, although reflecting the increases in value of the land under the lease, do not properly assign values to that party which paid for that value.

Residential improvements whether situated on fee simple or leasehold land, are essentially the same terms of price to the purchaser. The difference, however, is that the fee simple owner pays for these improvements once and for all, while the purchaser of improvements on leasehold land is often required to pay a premium for improvements at the outset and then pay, upon renegotiation, lease rent calculated upon the fair market value of the land as enhanced by the improvements already paid for, thus paying many times for the value which has been paid for at the time of purchase.

H.B. No. 55, in its original form, sought to limit, at the time of renegotiation, the negotiable lease rent under a formula which multiplied the percentage used to compute the initial lease rent under the lease and the initial fair market value of the land as unimproved land appreciated in value at the rate of the increase in the annual average wholesale price index for all commodities from the initial year of the lease to the time of renegotiation. The formula was ambiguous in language, difficult to understand, and complex in application. Moreover, your Committee does not see the relevance in tying appreciation of land values with commodity prices. While commodity prices may keep increasing at its rate, land values will have their rates of increase of change depending on location, the rate of development in the surrounding areas, and other reasons wholly unrelated to commodity prices. While your Committee has retained the idea of establishing a maximum lease rent negotiable, your Committee has made extensive amendments in the style and form of the bill and has simplified the formula by which the maximum lease rent negotiable is calculated.

More particularly, your Committee has determined that the maximum lease rent negotiable shall not exceed an amount which is equal to the raw land fair market value on the land multiplied by three per cent. "Raw land fair market value" is defined as "... the current fair market value of the land valued as if the fee title were unencumbered and the tract of which the land is a part were undeveloped and unsubdivided, plus the unpaid balance, if any, owing to the lessor by the lessee as reimbursement for the actual offsite and onsite improvement costs paid for by the lessor."

Your Committee believes that the "three per cent" factor, as a percentage used to compute the maximum lease rent negotiable is not an unfair return on raw land fair market value, particularly in the context of Hawaii's soaring land values.

Definitions of "offsite improvements" and "onsite improvements" have been added. Also, arbitration machinery is set forth in the bill, as amended, in case the parties are unable to agree on the rental renegotiation.

For purposes of consistency, your Committee recommends that this bill should be further amended as follows:

1. Sections 4 and 5 be renumbered to Sections 3 and 4 respectively.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 55, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 55, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suwa.

SCRep. 502 Consumer Protection and Commerce on H.B. No. 1450

The purpose of this bill is to establish and maintain a cemetery recovery fund system through which any person aggrieved by a licensed cemetery or pre-need funeral authority or cemetery salesman may recover actual damages up to \$2,000 and to eliminate the current bond requirements.

Your Committee finds that the present bond requirements, under which each cemetery or pre-need funeral authority has to post and maintain a bond in the penal sum of \$50,000 for each new license and each salesman a bond in the penal sum of \$5,000, is an unduly cumbersome and complicated procedure and results in no greater protection of the consuming public than the proposed recovery fund system. Your Committee also finds that the recovery fund system would result in faster settlement of claims and savings of time and money for the licensees.

Your Committee feels that H.B. No. 1450, by establishing such a recovery fund system in lieu of the present bonding requirements, will insure equal or better protection of the consuming public and a more efficient means of regulating cemetery and pre-need funeral authorities and cemetery salesmen.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1450 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 Carroll.

SCRep. 503 Consumer Protection and Commerce on H.B. No. 622

The purpose of this bill is to insure that beneficiaries of disability (accident and health) insurance policies are indemnified whether the services are rendered by a licensed physician or by a licensed practitioner of another healing art. Specifically, the bill provides that the cost of services of persons licensed for the practice of chiropractic, naturopathy, optometry, osteopathy, and podiatry shall be indemnified.

Your Committee heard testimony to the effect that under current practice, patients who receive treatment from practitioners of certain healing arts are denied reimbursement by their insurance companies. Your Committee feels that there is no sound reason why this inequity, resulting in a denial to the consumer of the full range of medical options by placing a greater monetary burden on some services and not others, should exist.

In its original form, the bill added a new section to Chapter 431 to bring commercial insurers into conformity with its purposes. However, because other organizations also provide insurance coverage (Hawaii Medical Services Association, licensed under Chapter 433; and Fraternal Benefit Societies, licensed under Chapter 434), the bill has been amended to include all such organizations to insure consistency and comprehensiveness.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 622, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 622, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 504 Consumer Protection and Commerce on H.B. No. 1843

The purpose of this bill is to afford tenants greater protection in the areas of dealing with agents of the landlord, repair of defects, unreasonable demands for access, and retaliatory evictions.

The various sections of the law affected by this bill are as follows:

(1) Section 521-43. The bill would require that any landlord who resides outside the State or on an island other than where the rental unit is located must designate an agent on the island where the rental unit is located to act on his behalf. The name of the agent must be given to the tenant.

(2) Section 521-64. The bill reduces the time during which the landlord must repair defects from twenty days to five business days.

Your Committee has amended the bill to reduce the time limit to ten business days after notification by the tenant and five business days after notification to the landlord that the defect is a health violation.

(3) Section 521-73. The bill provides for a fine not exceeding \$100 to be assessed against a landlord in addition to the other remedies available to a tenant for repeated demands for unreasonable access by a landlord.

(4) Section 521-74. The bill adds to the section by prohibiting retaliatory evictions when a tenant complains to any governmental agency concerned with landlord-tenant disputes.

Section 2 of the bill amended the section of the law dealing with security deposits by adding a provision stating that security deposits held by the landlord are held in trust for the use and benefit of the tenant. Your committee has deleted this provision from the bill as the statute already provides that security deposits are held by the landlord for the tenant and the claim of the tenant to the security deposit is prior to the claim of any creditor of the landlord.

Your Committee has made other technical amendments to the bill and corrected typographical errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1843, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 505 Finance on H.B. No. 95

The purpose of this bill was to appropriate \$50,000 for research into the feasibility and development of means of utilizing sewage treatment plant effluent and capturing stream runoff, for agricultural purposes in West Loch, Oahu.

Your Committee on Finance has reviewed House Standing Committee Report No. 95 and approves the appropriation for the purpose of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 95, H.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 except Representative Lunasco.

SCRep. 506 Consumer Protection and Commerce on H.B. No. 1571

The purpose of this bill is to clarify the exemption from the contractor licensing laws for persons who build or improve structures for their own use or for the use

of their parents or children.

Presently, section 444-2, Hawaii Revised Statutes, exempts from the contracting laws, persons who undertake any operation for himself or his parents or children which is not constructed for immediate sale at a profit. The exemption applies if the person does not initiate the sale of the property until after the date of completion as defined in section 507-43, Hawaii Revised Statutes.

The exemption provides a major loophole in the law as a person who builds and sells buildings for profit can be exempted from the contracting laws if he waits until the notice of completion is filed under section 507-43 before initiating the sale of the property.

This bill would close the loophole by providing that the sale or lease of the property within one year after completion of the improvement is prima facie evidence that the improvement was undertaken for resale or lease. Although not specifically stated in the bill, it is your Committee's intention that conversely, the sale of the property more than one year after completion is prima facie evidence that the improvement was not undertaken for sale or lease.

Your Committee has amended the bill by allowing improvements constructed for the use of grandparents and siblings, as well as parents and children, to qualify for the exemption, if all other requirements are met.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1571, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1571, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 507 Consumer Protection and Commerce on H.B. No. 1756

The purpose of this bill is to provide for an accounting of tenant security deposits when a landlord transfers his interest in rental units to another landlord.

This bill provides that when a landlord transfers his interest in residential rental units to another person, he shall provide an accounting of the security deposits for each rental unit. The successor landlord is required to give written notice to each tenant of the amount of the security deposit credited to the tenant within twenty days of the transfer. If the original or successor landlord fails to give the notice required, it is presumed that the tenant paid a security deposit equal to one month's rent.

Your Committee has amended the bill by deleting the word "irrebuttably" in line 14 of page 1 of the bill. The amendment allows the landlord or tenant to prove that the security deposit was more or less than one month's rent. The bill has also been amended to specifically limit the presumption of the amount of security deposit to one month's rent at the rate at which the tenant originally rented the dwelling unit.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1756, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1756, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 508 Consumer Protection and Commerce on H.B. No. 1874

The purpose of this bill is to limit recovery from the contractors recovery fund to acts involving misrepresentation, fraud, or deceit and to make clear that only unpaid judgments against contractors may be recovered from the fund.

The present law provides that a person aggrieved by any "act, representation, transaction, or conduct" of a licensed contractor in violation of the contracting laws may ultimately recover from the recovery fund. Under this bill, only losses which result from acts involving "misrepresentation, fraud, or deceit" would be recoverable from the fund.

This bill also changes the term "licensee" used in Sections 444-28(b) and 444-34 to "licensed contractor" to make clear that payment from the recovery fund applies only to judgments against contractors and not judgments against responsible managing employees, who are also licensees under the contractor licensing laws. A responsible managing employee is an employee of a contractor and does not contribute to the recovery fund. The fund was established to protect the public from the wrongful acts of contractors and not from the acts of responsible managing employees when they are not acting on behalf of a contractor.

Your Committee finds that instead of limiting access to the recovery fund as proposed by this bill, access to the fund should be made more readily available to homeowners who suffer losses because of a contractor's default. Accordingly, the bill has been amended to delete the proposed changes to the law which would limit recovery only for acts involving misrepresentation, fraud, or deceit.

The bill has been further amended to provide easier access to the recovery fund for homeowners who have paid the contractor but are faced with mechanic's or materialmen's liens because of the failure of the contractor to pay his subcontractors or suppliers. The amendment to the bill would allow such homeowners to be awarded a judgment against the contractor in the proceeding to enforce the lien and immediately proceed to collect payment from the recovery fund without the necessity of making a separate application to the courts to direct payment from the fund. Additionally, a homeowner would not need to first go through the possibly lengthy procedure of exhausting every legal means to collect from the contractor before looking to the recovery fund.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1847, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1847, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 509 Finance on H.B. No. 481

The purpose of this bill is to increase the sum allotted to the Hawaii Civil Air Patrol from \$56,000 to \$75,000 annually for operations and expenses, provided that not less than \$3,000 shall be allocated to each Civil Air Patrol unit outside the city and county of Honolulu.

The intent of this bill is to encourage and promote the Civil Air Patrol programs particularly on the outside islands and to ensure a wider distribution of funds on a statewide basis.

This bill was previously reported out by your Committee on Judiciary. See Standing Committee Report No. 72.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 481 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 510 Finance on H.B. No. 1873

The purpose of this bill is to change the renewal of professional and vocational licenses from an annual to a biennial basis.

Presently, professional and vocational licenses are required to be renewed annually. This administration measure would provide for biennial renewal of such licenses. The bill would also stagger the renewal periods of two of the larger regulatory boards, real estate (11,734 licenses), and nursing (8,336 licenses), to spread out the renewal workload on the Department of Regulatory Agencies. Under the bill, the real estate board will commence biennial renewals in January, 1976; four smaller boards in February, 1976; two in May, 1976 and fourteen in July, 1976. Eleven boards will annually renew in 1976 and in 1977 these boards will commence biennial renewal.

It is the intent that this change to a biennial renewal system would help to relieve the workload placed on the Department of Regulatory Agencies in processing renewals and would help to alleviate the present manpower shortage. There would be no loss

in revenues as the bill doubles the present annual renewal fees.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1873, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 511 Finance on H.B. No. 35

The purpose of this bill is to establish maximum public assistance grant for persons who are unable to support themselves. It specifies the dollar amount each person or a family can receive for 1) "basic needs allowance" and 2) "shelter allowance" under the general assistance, aid to families with dependent children and supplemental security income programs.

The establishment of maximum public assistance grant will provide for an equitable way of making payments to all recipients and it will simplify the administration of the State's public assistance program.

Your committee has been concerned with the cost of the public assistance program over the past 10 years and the continued increase projected by the department under the current system of money payments. By establishing a maximum public assistance grant method of payment, there will be a more reliable yardstick to determine eligibility and a ceiling on the amount each recipient would be entitled to receive.

Although there is a need for an additional \$6.6 million beyond what is budgeted over the next biennium, the future cost of the program can be placed under greater scrutiny and control by the legislature. In this way, the impact of the program on the State's resources can be measured with greater reliability.

Your committee has thoroughly reviewed the bill and is in general agreement with the purpose and intent as embodied in Standing Committee Report No. 82 attached to H.B. No. 35, H.D. 1. However, after hearing testimony presented by the Department of Social Services and Housing, Legislative Coalition, Legal Aid Society and others, your committee made necessary changes to clarify the proposed provisions of the public assistance program. Specifically, the changes made are as follows:

1. Page 1, line 13. The phrase "and social service payments as described under the Social Security Act" was added to give the department the authority to pay for social service costs.
2. Page 4, line 1. The words "or unearned" income was added to conform with federal regulations.
3. Page 4, line 11. The total amount of liquid assets to be disregarded for an applicant was increased from \$800 to \$1000. The intent of disregarding liquid assets is not to pauperize recipients, and the amounts increased will prevent undue hardship.
4. Page 4, line 15. This provision was added to give persons eligible for Supplemental Security Income the same amount of State liquid assets disregard as in the federal requirement. Otherwise such persons will need to spend down their liquid assets to be eligible for State supplement payments for shelter allowance or medical assistance.
5. Page 5, line 4. Part II of the chapter is repealed and only the necessary applicable sections are added.
6. Page 5, line 19. The phrase "provided he is also determined needy in accordance with State standards" was added. This is necessary because recipients under Federal Supplemental Security Income are not automatically eligible for public assistance.
7. Page 6, line 16. The phrase "beginning July 1, 1976" was added to clarify the date of the adjustment to basic needs allowance.
8. Page 7, line 3. To clarify the amount of payment to be made in behalf of a child, the phrase was corrected to read "pay in behalf of each child the maximum basic needs allowance as prescribed in this chapter, but not to include shelter allowance".
9. Page 8, line 5. Rather than paying the maximum shelter allowance for eligible

persons under Supplemental Security Income, shelter allowance will be given for cost paid up to the maximum established.

10. Page 8, line 10. The emergency conditions due to natural disasters were defined and emergency due to replacement or repair of household appliance (refrigerator or range) was included with a ceiling of \$350 for replacement.

11. Page 9, line 5. The authority is given to the director to grant lump sum payment rather than increasing assistance grants on a recurring basis.

12. Page 10, line 2. The existing statute on children eligible for public assistance is included with changes to conform with the new definition of public assistance (line 5) and current eligibility practices regarding those twenty one years if attending school (line 7).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 35, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 35, H.D. 2.

Signed by all members of the Committee.

SCRep. 512 Finance on H.B. No. 83

The purpose of this bill is to appropriate the sum of \$147,000 for the 1975-77 biennium to improve the coordination and development of the state agriculture programs by creating the position of assistant to the governor for agriculture in the office of the governor.

Agriculture is the third largest industry in the state. In 1973, the agriculture industry employed over 27,000 people and provided a tax base of over \$432 million. This amount is expected to more than double in 1974. The income realized through employment revenue makes it imperative that a strong agricultural program be maintained.

The future of agriculture in Hawaii depends heavily upon programs of the several state agencies and the need for more effective coordination among these agencies has become evident. This bill provides for a coordinating committee for agriculture comprised of the chairpersons and directors of several state agencies with the administrative director to the governor designated as chairperson of the committee and supporting staff for the committee.

This bill was previously reported out by your Committee on Agriculture. See Standing Committee Report No. 175.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 83, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 513 Finance on H.B. No. 313

The purpose of this Act is to appropriate \$365,153 for the continuation of the Comprehensive Training Program (also known as the University Without Walls and Central Michigan University Program). The intent of this bill is to enable present Comprehensive Training Program students to complete their degrees within the program.

This bill was previously reported out by your Committee on Higher Education. See Standing Committee Report No. 164.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 313 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 514 Finance on H.B. No. 37

The purpose of this bill is to appropriate \$15,000 for the production and local distribution of thirty to sixty second radio and television spots, relating to environmental concerns, to be aired on commercial television as public service announcements.

The Hawaii Public Broadcasting Authority is able to produce these public service spots but has not been budgeted to do so. This appropriation will provide the Authority with the necessary funds for the public service spots.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 37, H.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. 515 Finance on H.B. No. 66

The purpose of this bill is to provide for the maintenance and expansion of the multiphasic health screening program to cover senior citizens throughout the State.

An appropriation of \$120,465 is made by this bill for the screening program, \$92,665 to be expended for activities on Oahu, and \$27,800 for activities on Maui, Kauai and Hawaii. The program is to be under the State Commission on Aging which is under the Department of Budget and Finance for administrative purposes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 66, H.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. 516 Judiciary on H.B. No. 610

The purpose of this Act is to provide for the administering of oaths.

This Act permits an officer who issued a summons or citation to subscribe to it under oath administered by another official of the Department of Land and Natural Resources whose name had been submitted to the prosecuting officer and who had been designated by the Chairman of the Board of Land and Natural Resources to administer the same.

This Act will speed up the processing of summons or citations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 610 and recommends that it pass Third Reading.

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

SCRep. 517 Consumer Protection and Commerce on H.B. No. 1766 (Majority)

The purpose of this bill is to amend Chapter 514, Hawaii Revised Statutes, to provide for "time sharing" ownership of condominiums.

In recent years, the concept of "time sharing" ownership of condominiums has been developed. Under this concept a number of persons own a single apartment or unit during a specified period of time. For example, one owner may have ownership of a unit during the first six months of a year and another owner may own the unit during the remaining six months.

Present laws do not recognize ownership of a unit for a certain time period as a separate and distinct interest in real property. Therefore, persons who desire to time share a condominium unit must purchase it as tenants in common. This form of ownership makes all of the owners jointly and severally liable for property taxes, maintenance fees and other expenses related to the unit. If one person defaults in any payments, the other owners would be forced to make payment to protect their

interests.

This bill defines a "time period unit" as an annually recurring part of a year specified in the declaration of horizontal property regime as a period for which a unit may be separately owned. Further, a time period unit is recognized as an independent interest in real property and would be treated in all respects as a separate unit.

Your Committee finds that a "time period unit" should be legally recognized as an independent interest in real estate. This will protect consumers who desire to purchase "time sharing" interests in condominiums as they will only be liable for the expenses of their "time period unit".

Your Committee has amended the bill to correct typographical errors on pages 1, 2, 3, 4, and 7, and made other amendments to conform with the Ramseyer format.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1766, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1766, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Cayetano, Cobb, Roehrig and Carroll did not concur.

SCRep. 518 Consumer Protection and Commerce on H.B. No. 1758

The purpose of this bill is to add a definition to the residential landlord-tenant code, regarding "normal wear and tear".

This bill amends Section 521-8, Hawaii Revised Statutes, by defining "normal wear and tear" as deterioration or depreciation in value by ordinary and reasonable use but does not include items that are missing from the dwelling unit.

"Wear and tear" is referred to in two sections of the residential landlord-tenant code, but it is not defined. This has led to some uncertainty regarding the intent of the law and this bill will provide clarification.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1758 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 Sutton.

SCRep. 519 Consumer Protection and Commerce on H.B. No. 1597

The purpose of this bill is to modernize the law governing the issuance of passbooks to savings depositors and the recordation therein of deposits into and withdrawals from savings accounts.

The existing provisions were enacted in 1931 and have remained substantially unchanged. They require that a savings bank issue a passbook to every savings depositor and enter therein each deposit and withdrawal; they also prohibit any payment therefrom unless accompanied by and entered in the passbook, except for good cause.

Since then, electronic data processing has been developed and is constantly being improved. This bill would permit banks an alternative to the issuance of passbooks and the recording therein of each deposit and withdrawal. It would permit a bank to issue a certificate or other record evidencing the depositor's savings account, to evidence a deposit by issuance of a deposit receipt (similar to that in a deposit into a checking account) and to evidence a payment from the account upon duly authorized instructions of the depositor, without the necessity of a passbook.

These modernized procedures would afford depositors convenience by not requiring the presentation of passbooks to process transactions, would enable banks to use the new technology of Electronic Funds Transfer Systems, and would treat banks similarly to savings and loan associations which are not required by law to issue passbooks and record transactions therein. It should also be noted that this bill would not prohibit banks from using passbooks, it merely makes it optional. Because

depositors would no longer have a passbook for reference, your Committee has amended the bill to require that a statement of accounts to be sent from the banks to their depositors at least biannually.

Your Committee has also amended the bill by placing the material repealed ahead of the new material to comply with the Ramseyer format.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1597, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1597, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 520 Consumer Protection and Commerce on H.B. No. 1820

The purpose of this bill is to allow higher rates of interest to be charged in transactions covered by the usury laws.

Under the present usury laws, when there is no express written contract specifying a different rate of interest, interest is allowed at the rate of six per cent a year on (1) money due on any bond; (2) money lent on the settlement of accounts; (3) money received to the use of another; and (4) money upon an open account. Further, interest on a written contract is limited to an amount not exceeding one per cent a month.

Under this bill, the allowable interest rates for those transactions now limited to six per cent would be increased to nine per cent and the allowable interest rates on written contracts would be increased from one per cent a month to one and one-half per cent a month.

Your Committee recognizes that the present allowable interest rates were set some time ago and that the cost of borrowing money has increased since that time. Although an increase in the rates is justifiable, your Committee believes that the rates proposed by the bill are too high. Therefore, the bill has been amended to provide for interest rates as follows:

1. For those transactions presently limited to six per cent a year, an increase to seven and one-half percent a year.
2. For written contracts presently limited to one per cent a month, an increase to one and one-fourth per cent a month.

The bill has been further amended to delete Section 478-7 from the bill as no changes are made to that section, to correct typographical errors, and to make changes relating to form which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1820, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1820, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 521 Youth and Elderly Affairs and Housing on H.B. No. 815

The purpose of this bill is to amend Chapter 349, Hawaii Revised Statutes, by adding a new part with four provisions to provide for the developing and maintaining of a residence home for aged or needy veterans.

Your Committees find that the presence in Hawaii of approximately 93,000 veterans warrants the establishment of a veterans home in the State.

Your Committees further find that it is important to make statutory provision for such a home and to designate its administering agency at the earliest possible opportunity, in view of the fact that there is a 1979 deadline on the availability of federal funds for such a project.

Your Committees have amended this bill so as to change the administering agency from the Department of Health to the Commission on Aging. Your Committees feel that this amendment has the advantage of avoiding the possibility of delay caused by the present restructuring of the Department of Health; in addition, this change conforms to the current plan to have the Commission on Aging coordinate all programs for the elderly.

For purposes of consistency, the section numbers have been changed from 321, relating to the Department of Health, to 349, relating to the Commission on Aging.

The sections relating to appropriation have been deleted to facilitate passage of the bill; your Committees feel that it is important at this time to make a statement of legislative intent to provide for Hawaii's veterans by establishing a home in the near future, and to appoint an administering agency, thereby creating eligibility for federal funds, than to allocate funds.

Your Committees on Youth and Elderly Affairs and Housing are in accord with the intent and purpose of H.B. No. 815, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 815, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kondo, Ikeda, Larsen, Medeiros and Oda.

SCRep. 522 Water, Land Use, Development, and Hawaiian Homes and Environmental Protection on H.B. No. 92

The purpose of this bill is to establish special interim management of developments within an area along the shoreline before a general coastal management program can be developed.

The Congress of the United States enacted a Coastal Zone Management Act of 1972, Public Law 92-583, which authorized grants to the State to plan and develop programs with the cooperation of federal agencies to set policies and processes for the effective control of coastal areas. Accordingly, the legislature in 1973 passed Chapter 205A, Hawaii Revised Statutes, Coastal Zone Management, a program which shall be prepared by the Department of Planning and Economic Development which shall set forth objectives and policies in conformity with the federal act, which will serve as a guide to all State and county agencies in exercising their authority to implement programs in the State's coastal zones.

However, your committees find that since the Coastal Zone Management program to be prepared by the Department of Planning and Economic Development will not be finished until 1978, there is a need for interim controls before permanent losses of valuable resources and management options occur. H.B. No. 92, initially in short form, is submitted by your committees as H.B. No. 92, H.D. 1, which provides as follows:

Unless otherwise delegated by the county councils by ordinance, the county planning commissions shall have the authority to manage a coastal zone by the issuance of permits for all developments over the fair market value of \$25,000. Coastal zones subject to special management include an area at least one hundred yards inland from the shoreline as well as any area subject to salinity intrusion or tidal influences. Shoreline is defined as the area along the upper reaches of the wash of the waves, usually evidenced by the edge of vegetation or the debris left by the wash of the waves. Within 60 days of the effective date of this Act, the planning department of each county shall delineate the boundaries of the management area on maps filed with the county clerk's office.

In passing on a permit application, the coastal zone management authority shall to the extent possible apply these policies regarding the coastal zone which will:

1. Maintain an undeveloped portion for recreational, scenic, scientific and educational uses to protect natural resources;
2. Protect shoreline areas from encroachment of manmade structures and improvements;
3. Encourage and coordinate inter-governmental and private agency management

to protect the environment and natural resources; and

4. Encourage citizen participation.

The management authority shall also adopt these guidelines:

1. All developments in the coastal zones are subject to terms and conditions to provide for adequate beach access, recreational areas, solid and liquid waste treatment with minimum adverse effects to the land by erosion, landslides and floods.

2. Any development must not cause any adverse environmental and ecological effects from a long or short term basis.

3. Dredging, filling or otherwise altering any bay or beach, or public access thereto, or effects of water quality, including structures, fisheries and aquaculture shall be minimized.

The procedures for permit applications and their judicial review shall be prescribed by the respective county authorities, but not inconsistent with Chapter 91. Written public notice shall be given and public hearings held and conducted pursuant to Chapter 91. An aggrieved party may file for a judicial review pursuant to the Hawaii Administrative Procedures Act. A civil fine is also provided for any violations of this Act. Your committees envision the individual county authorities to implement this interim program by the pooling of all existing planning department staff without substantial change.

Your Committees on Water, Land Use, Development, and Hawaiian Homes, and Environmental Protection are in accord with the intent and purpose of H.B. No. 92, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 92, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Lunasco, Ajifu, Ikeda and Oda.

SCRep. 523 Consumer Protection and Commerce on H.B. No. 1572

The purpose of this bill is to require licensed contractors to operate from an industrial zoned area and to report any change of address or telephone to the Contractors License Board.

Presently, when the Contractors License Board has a complaint against a contractor, the Board sometimes experiences difficulty in locating the contractor because of an outdated address or telephone number. This leads to delay in processing the complaint and is unfair to the consumer filing the complaint. Attempting to locate the contractor also adds to the workload of the Board's staff.

Your Committee has amended this bill by deleting the proposed change to the law which would require a licensed contractor to operate from an industrial zoned area. It is your Committee's opinion that this might work a hardship on the smaller contractors who cannot afford to pay the high rent in industrial or business zone.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1572, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cobb, Takamine and Carroll.

SCRep. 524 Finance on H.B. No. 1839

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$ 1,300,000 for the acquisition of a development tract as defined in Chapter 516-1, Hawaii Revised Statutes.

Your Committee finds that the conditions which necessitated the initiation and subsequent passage of the Hawaii Land Reform Act such as; the fact that less than 35 per cent of the families of this State own their own homes in fee simple and that

Hawaii has the lowest percentage of families owning their own homes in fee simple in all of the states in the Union, still exists today.

The Hawaii Land Reform Act (Session Laws of 1967, Act 307; Chapter 516, Hawaii Revised Statutes) has not been implemented to the extent the Legislature had intended, mainly due to the adverse opinion the State's Bond Counsel has rendered regarding the sale of bonds to be used in the acquisition of residential leasehold land.

The Bond Counsel has raised two questions involving the sale of bonds for the purposes of Chapter 516, Hawaii Revised Statutes.

The first question is whether by requiring the reimbursement to the general fund from the fee simple residential revolving fund the debt can be excluded when calculating the total indebtedness of the State pursuant to Article VI, Section 3(e) of the State Constitution. The counsel believes that this section, referring to a "public undertaking, improvement of system", contemplates only revenue producing physical structures, plants or properties to be owned or operated by the State on a long term basis, and does not allow the exclusion, when computing the total indebtedness of the State, of bonds issued to establish or maintain a revolving fund created with respect to non-physical structures, plants or properties which are to be owned by parties other than the State.

The second question is whether providing funds for residential leasehold acquisition falls within the meaning of the term, "public purpose" as provided in the Hawaii State Constitution. The Bond Counsel's opinion is that the provision of funds for the acquisition of residential leasehold property is in conflict with Article VI, Section 2 which states that:

"No tax shall be levied or appropriation of public money or property made, nor shall the public credit be used, directly or indirectly, except for a public purpose. No grant shall be made in violation of Section 3 of Article I of this constitution."

The Bond Counsel has concluded that serious constitutional questions are raised as to whether or not the purpose of providing funds for residential leasehold acquisition is a public purpose under Article VI, Section 2 of the Hawaii State Constitution.

The Attorney General of the State of Hawaii has subsequently filed action for a declaratory judgment on January 2, 1975, against the Director of Budget and Finance with the First Circuit Court of the State of Hawaii requesting the appropriation act (Act 215, Session Laws of 1971) and Chapter 516, Part III, Hawaii Revised Statutes be adjudged unconstitutional and invalid.

He has also requested that the general obligation bonds authorized by Act 215 be excluded in any State debt or supplemental statement and that it be deleted from any such statement.

In addition, the Attorney General has asked the Court to declare the advancement of any public funds issued and authorized by Act 215 to the Hawaii Housing Authority be adjudged unlawful.

The seriousness of the Bond Counsel's adverse opinion, and the subsequent action filed by the Attorney General of the State of Hawaii, impeding the full implementation of the Hawaii Land Reform Act (Session Laws of 1967, Act 307; Chapter 516, Hawaii Revised Statutes) requires the Legislature of the State of Hawaii to actively supplement the action taken by the Attorney General of the State.

This bill will provide funds directly from the general revenues of the State thereby surmounting the objections the Bond Counsel has rendered regarding the sale of bonds to be used in the acquisition of residential leasehold land.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1839, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 525 Finance on H.B. No. 1746

The purpose of this bill is to facilitate the employment of unemployed heads of households by requiring employers doing business with the State or counties to list their job openings with the State Employment Service.

Your Committee believes that this bill will serve a useful purpose in that it will make information relating to job openings in contractors dealing with the State or counties known.

Your Committee on Finance is in accord with the intent and purpose of H.B. 1746, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 526 Finance on H.B. No. 1294

The purpose of this bill is to remove from the Correctional Industries program responsibility for the salaries of all the necessary State personnel in charge of the program.

Your Committee finds that the Correctional Industries program is required to finance its operations and also pay the salaries of the personnel in charge of such programs, even though those individuals are State employees.

Such a system creates an undue burden on the program by draining needed funds away from actual operations. In effect, it defeats the intent and purpose of the Correctional Industries program. It prevents funds from being used for the benefit of the assigned inmates for more productive operations. It limits expansion and purchase of needed supplies, equipment, and machinery. The hiring of additional personnel and technical help for the purpose of training the inmates is likewise restricted. If salaries were paid out of State funds, hiring teaching and technical personnel might be less difficult.

The lifting of this burden would greatly benefit the Correctional Industries program in reaching its goal of rehabilitating the inmate.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1294 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 527 Finance on H.B. No. 1312

The purpose of this bill is to appropriate the sum of \$25,000, or so much thereof as may be necessary, to be expended by the Department of Land and Natural Resources, so that the State of Hawaii may qualify for additional matching Federal funds to implement a Youth Conservation Corps program.

To accomplish this program, authorized under Public Law 91-378, the Department of Land and Natural Resources has proposed a 5-day resident camp on Hawaii from June 15 to August 8, 1975, for 30 youths (15 boys, 15 girls) between 15-18 years of age.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1312 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 528 Finance on H.B. No. 1778

The purpose of this bill is to appropriate \$5,000 to the Department of Labor and Industrial Relations to conduct a workshop to educate employees and union representatives of the provisions of the Occupational Safety and Health Act and their rights thereunder.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1778 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 529 Finance on H.B. No. 1340

The purpose of this bill is to appropriate moneys out of the general fund of the State of Hawaii in order to meet the major financial requirements of the Women's Intercollegiate Athletic Program at the University of Hawaii at Manoa for the 1975-77 biennium.

Title IX of the Equal Education Act of 1972 mandates that women must be provided equal opportunity and facilities as men athletes to participate in intercollegiate athletics. Such a provision requires a reliable and on-going monetary commitment from the State.

Your Committee has amended the appropriation provision to change the amount to \$200,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1340, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1340, H.D. 1.

Signed by all members of the Committee.

SCRep. 530 Finance on H.B. No. 1779

The purpose of this bill is to change the rate of regular interest in the Employees' Retirement System law from 4 1/2 per cent to mean 5 per cent. The effect of this bill would be: that members contributions to their individual accounts in the annuity savings fund will be credited with interest at 5% compounded annually.

Your Committee has amended this bill to delete Section 2 of the H.D. 1 which reads:

"SECTION 2. Notwithstanding any provision of chapter 88 to the contrary, the employees' retirement system is hereby authorized to use the increased interest rate of five per cent a year to finance any increase in retirement system benefits provided by any acts passed in the 1975 legislature. This section shall take effect upon the approval of this Act."

Sections 3 and 4 are accordingly renumbered as sections 2 and 3.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1779, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1779,

Signed by all members of the Committee.

SCRep. 531 Finance on H.B. No. 801

The purpose of this bill is to encourage the survival and continuation of the Kona Coffee industry by providing a subsidy through the Department of Agriculture during periods when operations incur a deficit due to uncontrollable circumstances.

The sum of \$25,000 was appropriated by the 1974 Legislature for the foregoing stated purpose. However, since the Kona Coffee industry did not require assistance for the 1973-74 crop, the funds were not allotted.

The 1974-75 crop, however, was an abnormally poor crop due to adverse weather during flowering, resulting in overall low yields. As a result, the anticipated deficit for the 1974-75 season is approximately \$25,000.

Your committee recommends that the \$25,000 appropriated by the 1974 Legislature be extended one year beyond the lapse date of June 30, 1975 for the purpose of this bill.

In addition, your committee believes that the release of funds need not be contingent upon a merger of the two coffee cooperatives in Kona.

Your Committee on Finance is in accord with the intent and purpose of H.B. 801

and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 532 Finance on H.B. No. 857

The purpose of the bill is to provide additional revenues to the state highway fund to finance the state highway fund program.

Your Committee finds that additional revenues to the state highway fund are required to pay for the increasing costs of highway upkeep and maintenance and to pay for the cost of constructing highways incorporated in the system. The deficit that the state highway fund faces would adversely affect the maintenance and operation of the state highway system. The debt would also contribute to the state debt by exceeding the state debt ceiling.

Your Committee has amended the bill to provide an overall increase of 3 1/2 cents. This would increase the state fuel tax from 5 to 8 1/2 cents per gallon on liquid fuel other than fuel mentioned in section 243(a) (1) and (2), Hawaii Revised Statutes, and from 4 to 7 1/2 cents per gallon on diesel oil.

Your Committee on Finance is in accord with the intent and purpose of H.B. 857, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 857, H.D. 2.

Signed by all members of the Committee.

SCRep. 533 Finance on H.B. No. 374

The purposes of this bill are: 1) to assess the several counties their pro-rata share of the cost of administering the Public Employees Health Fund; 2) to increase the monthly dental plan contribution from \$2.04 to \$2.24; and 3) to clarify the language of prior amendments to Section 87-4, Hawaii Revised Statutes.

There is appropriated a sum of \$223,500 to be expended by the Department of Budget and Finance for the purpose of this bill.

This bill was previously reported on by your Committee on Labor and Public Employment. See Standing Committee Report No. 153.

Your Committee on Finance is in accord with the intent and purpose of H.B. 374 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 534 Finance on H.B. No. 990

The purpose of this bill is to establish a division of substance abuse within the Department of Health, to develop and coordinate statewide programs for the prevention, rehabilitation, treatment and research of drug, alcohol and organic solvent abuses. This bill combines responsibilities into one agency what had been previously performed by the Department of Health and the substance abuse agency, in the Governor's Office.

A division of substance abuse is established to:

- (a) Coordinate treatment, prevention, rehabilitation and research programs;
- (b) Prepare and implement a state substance abuse prevention plan which shall be reviewed annually to conform to state and federal laws;
- (c) Handle public, private, state and federal funds;
- (d) Coordinate public and private agency involvement and resource;
- (e) Establish mechanisms for providing technical assistance, securing necessary information for planning, management and evaluation;

An advisory committee on substance abuse is established to advise the division on preparing a state plan and performance of other duties as required by State and Federal Law.

An annual report as required to the legislature by the Department regarding implementation of a State plan.

The Department is required to adopt rules, and to hire necessary personnel.

The substance abuse agency established under Executive Order is transferred to this agency, as well as the monies previously appropriated under Act 218, SLH, 1973 and Act 218, SLH, 1974 and its records, equipment, and contracts, etc. are also transferred.

All officers and employees and their functions are also transferred without loss of salary, seniority, vacation and sick leave, and benefits. In the event a position is established, the person shall remain in the state employment with the same pay and classification.

Your Committee on Finance is in accord with the intent and purpose of H.B. 990, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 535 Finance on H.B. No. 1884

The purpose of this bill is to authorize an additional civil service exempt Deputy Director in the Department of Social Services and Housing to be in charge of welfare or such other functions as may be assigned by the Director of Social Services and Housing.

In granting the additional position as requested, your Committee considered the following:

- (A) the magnitude of the state's public assistance expenditures;
- (B) the need to coordinate services which affect welfare recipients, particularly those of the Departments of Health and Labor and Industrial Relations;
- (C) the need to continually reassess the use of federal matching funds for social services.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1884 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 536 Finance on H.B. No. 996

The purpose of this bill is to appropriate funds for the hiring of Facilities Management staff at the University of Hawaii at Manoa. The intent of this bill is to meet existing and projected facilities management needs at the Manoa campus, relieve the work overload of present staff, and furnish job opportunities.

Your Committee has amended this bill to change the appropriation from \$2,000,000 to \$1,000,000 and to delete the required number of positions to be added to the management staff.

Your Committee on Finance is in accord with the intent and purpose of H.B. 996, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 996, H.D.2.

Signed by all members of the Committee.

SCRep. 537 Finance on H.B. No. 597

The purpose of this bill is to appropriate funds to the Legislative Reference Bureau to conduct a study to determine the feasibility of the proposed Hawaii income assurance system as a means of providing greater income security to the elderly in the State.

Pursuant to Act 225, Session Laws of Hawaii 1974, the Comprehensive Master Plan for the Elderly was developed with a proposal for an income assurance system. It was also recommended that this proposal should be subjected to a definitive feasibility study prior to legislative enactment.

Your Committee has amended this bill to delete the requirement for report twenty days before the convening of the regular session.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 597, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 597, H.D. 1.

Signed by all members of the Committee.

SCRep. 538 Finance on H.B. No. 1740

The purpose of this bill is to make an appropriation for the expenses of the Interim Committee to Reduce Unemployment to be established by H.C.R. No. 81, Regular Session of 1975.

Your Committee agrees with the appropriation for \$10,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1740, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 539 Finance on H.B. No. 321

The purpose of the bill is to require the Department of Social Services and Housing to administer a quality control review of general assistance recipients to determine whether such recipients are eligible for payments and whether payments have been properly determined.

Quality control reviews are currently conducted for recipients of Food Stamps and Aid to Families with Dependent Children as required by the Federal government. The same rigorous review of general assistance recipients should be done so that the State can be assured to provide financial assistance only to those who are entitled to receive public assistance benefits.

Your Committee examined the appropriation of \$113,000 made in H.B. No. 321, H.D. 1, for the Department of Social Services and Housing to hire the necessary personnel. However, Section 2, which provides for the appropriation was deleted since the amounts required for the purposes of the bill will be considered for inclusion in the Department's operating budget for the next biennium.

In addition, your Committee amended the effective date, from "upon its approval" to "on July 1, 1975." The implementation of the quality control procedure is to be tied in with the new method of public assistance payments as proposed in H.B. 35, H.D. 2.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 321, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 321, H.D. 2

Signed by all members of the Committee.

SCRep. 540 Finance on H.B. No. 97

The purpose of this bill is to establish a solid waste management demonstration project.

Solid waste disposal has become a critical problem. Existing disposal practices and solid waste management plans providing for long term solution to the problem have become obsolete.

Land fills are rapidly filling up and new landfill sites are becoming scarce due to increasing developments and the environmental problems associated with them. Furthermore, operating and maintenance costs of incinerators are costly, thus making resource recovery and recycling of solid waste materials a viable alternative.

This bill authorizes the issuance of revenue bonds for demonstration projects and also appropriates \$2,000,000 out of general revenues for the purposes of the projects, to be expended by the Department of Planning and Economic Development.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 97, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 541 Finance on H.B. No. 318

The purpose of this bill is to appropriate a sum of money for the development of a comprehensive program of Hawaiiiana in the elementary and secondary schools. The Department of Education is requested to institute in-service training for teachers as well as submit a report of its progress on this program to the Legislature twenty days prior to the convening of the 1976 legislative session.

Your Committee finds that the teaching of Hawaiiiana is not as comprehensive and consistent as it could be and believes that the development and implementation of a statewide program developed by the Department will correct this situation. As in all states, the teaching of the history and culture of each state is held as a very valuable and necessary program.

Your Committee has funded this program by amending this bill providing for an appropriation of \$50,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 318, H.D. 1, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 318, H.D. 2.

Signed by all members of the Committee.

SCRep. 542 Finance on H.B. No. 482

The purpose of this bill is to exempt from the use tax, any aircraft or aircraft related equipment required by law, which is imported into the State for use as a public utility.

Under present law, airlines operating between the islands are subject to the use tax on aircraft purchased and imported into the State for use in their business. However, a person who imports aircraft into the State for the purpose of leasing or renting the aircraft to airlines which use the aircraft as a public utility is exempt from the use tax. This bill repeals the exemption for aircraft to be leased or rented and provides for a blanket exemption for aircraft imported into the State for use as a public utility, whether purchased by an airline for use in its business or purchased for leasing or renting to a public utility.

In 1974, oceangoing vehicles operated by a public utility for the transportation of persons and goods within the State were exempted from the use tax by Act 144, Session Laws of Hawaii 1974. This bill would provide equal treatment for airlines operating within the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 482 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 543 Finance on H.B. No. 277

The purpose of this bill is to increase the uniform maintenance allowance for Hawaii National Guard enlisted personnel from \$.70 to \$1.50 per day. It would also increase the periods when eligible for such an allowance from annual or year-round training to include any period when ordered to State active duty.

The amount of \$192,000 is appropriated to carry out the purposes of this Act.

This bill was previously reported on by your Committee on Judiciary. See Standing Committee Report No. 69.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 277, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 544 Finance on H.B. No. 399

The purpose of this bill is to make the members of the Public Utilities Commission full-time employees of the State. \$99,759 is appropriated for this purpose.

Since Statehood was achieved in 1959, the responsibilities of the Public Utilities Commission in regulating public utilities such as gas, electric, telephone, sewage, and transportation companies have increased at a tremendous rate. The Commission's responsibilities include the full spectrum of regulatory matters including accounting practices, safety, rate making, financing, certification, and adequacy of services provided. Moreover, the matters which come before the Commission, especially in rate making proceedings, are often extremely complex and involve questions dealing with various fields of knowledge such as accounting, engineering, financing, and law. In addition, because of the nature of its responsibilities, the decisions made by the Commission can have a significant impact on the community.

Your Committee on Finance generally agrees that the Public Utilities Commission should become a full-time commission. However, your Committee proposes that this bill be amended to adjust the salary of the chairman of the commission by providing that it be in an amount equal to "ninety-five" per cent of the salary of the "director of regulatory agencies". Line 19 of page 2 of the bill is accordingly amended to reflect this change.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 399, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 399, H.D. 2.

Signed by all members of the Committee.

SCRep. 545 Finance on H.B. No. 453

The purpose of this bill is to make an appropriation of \$325,000 for the 1975-77 fiscal biennium to the State Higher Education Loan Fund.

The State Higher Education Loan Fund (SHELF) was established by the State Legislature in 1969 in order to provide low interest educational loans to financially needy, full-time students enrolled in degree programs. This program is a revolving fund administered by the Board of Regents governed by rules and regulations adopted by the Board in 1971.

Your Committee is aware that the concept of the SHELF revolving fund was to capitalize on 5 million dollars in order to generate approximately \$500,000 of loanable funds. It was originally estimated that it would take fifteen years to reach the required levels of capitalization if \$500,000 of new money was loaned to students each year. The University also projected that the collection rate would be regular and predictable and that the interest payments earned on collected loans would cover unpaid loans, thus minimizing any losses.

The University has reassessed their projections and the capitalization level will now take approximately 18 to 20 years.

This bill was previously reported by your Committee on Higher Education. See Standing Committee Report No. 345.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 453, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 546 Finance on H.B. No. 1732

The purpose of this bill is to permit the Community Colleges to establish a special fund to receive, disburse, and account for funds of special programs which are not part of the regular tuition program. This special fund will enable the Community Colleges to conduct special programs which are not general funded. These program include such activities as non-credit courses, off-campus courses, summer session, overseas programs and programs on the military bases.

This fund would permit the Community Colleges to be flexible in their programming which encourages greater utilization of facilities and expansion of programming off-campus without complete dependability upon general funds.

Your Committee has amended this bill to correct a spelling error in line 12, page 1. A section is added to set forth the Ramseyer drafting provision.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1732, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1732, H.D. 2.

Signed by all members of the Committee.

SCRep. 547 Finance on H.B. No. 161

The purpose of this bill is to establish a State government commission to develop a plan of organization to improve efficiency and effectiveness of state government in Hawaii.

The State government commission would be composed of twelve members, four of whom would be appointed by the President of the Senate, four by the Speaker of the House of Representatives and four by the Governor. The sum of \$130,000 would be appropriated to the State government commission. The report of the commission would be due in 1977.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 161, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 548 Finance on H.B. No. 1256

The purpose of this bill is to transfer the multicultural program presently under the Hawaii Foundation for History and the Humanities to the University of Hawaii's Ethnic Studies Program and to appropriate the sum of \$80,000 for the 1975-77 fiscal biennium to develop the Multicultural Studies Program at the University of Hawaii's Ethnic Studies Program.

The bill was previously reported by your Committees on Culture and the Arts and Higher Education. See Standing Committee Report No. 219.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1256, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 549 Finance on H.B. No. 165

The purpose of the bill is to provide a comprehensive school health services program for grades kindergarten through twelve in the public schools of the State.

The report of the Legislative Auditor entitled "Program Audit of the School Health Services Project" submitted to the 1975 Legislature found that the School Health Services Pilot Project established under Act 130, Session Laws of Hawaii 1970, was generally effective in achieving program objectives. It further reported that there exists a need for readily accessible emergency health assistance services in the schools, and the paraprofessional approach in providing such services is a cost-effective approach.

However, the Report pointed out a number of program deficiencies. Among these are:

1. Project schools are not significantly better than non-project schools at maintaining required and recommended physical examination, tuberculin testing, and immunization levels;
2. Unclear accident reporting criteria and procedures;
3. Poor maintenance of health records at higher grade levels;
4. Doubtful value of height and weight screening as currently conducted; and
5. Other operational problems.

In providing funding for the expansion of the school health services project to all the schools in the State, your Committee recommends that the pilot project status of the program be continued to provide an interim period during which the Department of Health and the Department of Education may correct program deficiencies identified in the Auditor's report. Your Committee further recommends that the Governor's Advisory Committee for the School Health Services Pilot Project submit a report to the 1976 Legislature on the status of correcting such program deficiencies.

Your Committee notes that the present salary of school health aides, health aide substitutes, and clerks are not consistent with civil service salaries. This discrepancy has presented problems in hiring qualified personnel for the program. In order to ensure and maintain quality program levels, your Committee recommends that the salary of the above persons hired under the School Health Services Program conform with civil service pay rates.

Your Committee has, therefore, amended the bill by increasing the appropriation provided in House Bill No. 165, H.D. 1, from \$2,887,622 to \$3,345,522 to account for the increase in personnel salaries. The money appropriated shall be expended as follows:

	<u>1975-76</u>	<u>1976-77</u>
PERSONNEL COSTS	\$ 1,468,918 (383)	\$ 1,542,364 (383)
CURRENT OTHER EXPENSE	104,000	110,240
EQUIPMENT	80,000	40,000

In expending the appropriation for personnel costs, the Committee recommends that the following guideline be utilized:

	<u>Position Count</u>
Project Coordinator	2
Registered Public Health Nurse	40
Public Health Administrative Officer	1
Account Clerk	1
Stenographer	1
Typist	1
Health Aides	237
Health Aide Substitutes	40
Clerks:	
Full-time	4
Part-time	30

In addition, your Committee has made a technical change involving terminology. The term "public health nurses" in House Draft 1 of the bill has been changed to read, "school health nurses."

Your Committee on Finance is in accord with the intent and purpose of House Bill No. 165, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 165, H.D. 2.

Signed by all members of the Committee.

SCRep. 550 Finance on H.B. No. 378

The purpose of this bill is to provide \$20,000 for a Hawaii celebration in the International Ocean Exposition to be held in Okinawa, Japan, from July 20, 1975 through January 18, 1976.

In granting the request for funding, your Committee recognized the importance of participating and sharing its knowledge and concerns in maximizing the potential uses of the ocean with other nations. Your Committee also believes that Hawaii's participation in a world ocean exposition would be a natural outgrowth of our commitment to pioneer the peaceful exploration and development of the ocean's potential.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 378 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 551 Finance on H.B. No. 379

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$100,000, or so much thereof as may be necessary, for an analysis of the manganese nodule processing industry, including industry requirements, State of Hawaii policy options, legal investigations on State ownership of manganese nodule resources, site availability, and environmental problems.

This bill was previously reported on by your Committee on Water, Land Use, Development, and Hawaiian Homes. See Standing Committee Report No. 46.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 379 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 552 Finance on H.B. No. 1596

The purpose of this bill is to make an appropriation for the establishment of a para-professional program in occupational safety and health at the Honolulu Community College. This program is needed to provide the necessary manpower to implement chapter 396, Hawaii Revised Statutes, relating to occupational safety and health.

Your Committee believes that such a program would provide needed educational opportunities for persons who are working in this area but who did not have sufficient formal preparation.

Your Committee also understands that such a program would benefit students from the Pacific Basin area and the Orient as well as Hawaii. An associate of arts degree would be awarded to any person who graduates from this program.

Your Committee has amended this bill to provide an appropriation of \$60,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1596, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1596, H.D. 1.

Signed by all members of the Committee.

SCRep. 553 Finance on H.B. No. 1886

The purpose of this bill is to raise the number of exempt employees within the office of the lieutenant governor from six to eight.

The demands made upon the office of the lieutenant governor have increased so that the provision for "six" exempt employees has become a "ceiling" which restricts the lieutenant governor from hiring employees beyond that number. This bill, by raising the number of exemptions, would give the lieutenant governor more flexibility.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1886 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 554 Finance on H.B. No. 1508

The purpose of this bill is to provide additional revenues to the state highway fund by instituting a state vehicle tax. The proposed state vehicle tax will be levied against the owner of a vehicle and is in addition to the county vehicular tax currently being imposed by the several counties. It will be assessed by weight classes at progressively higher rates.

The additional revenues to the state highway fund are required to pay for the increasing costs of upkeep and maintaining the State Highway system and to pay for the cost of constructing highways incorporated in the system.

This bill was previously reported on by your Committee on Energy and Transportation. See Standing Committee Report No. 231.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1508, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 555 Finance on H.B. No. 688 (Majority)

The purpose of this bill is to provide the chief clerk and the sergeant at arms of both houses of the Legislature the same retirement benefits as that for judges and elected officers which would be 3.5 per cent of average final compensation for each year of credited service as an officer of the Legislature.

Existing law provides that officers of the Legislature are general employees and are entitled to retirement benefits under the regular formula of 2 per cent of average final compensation. Because their appointment and tenure are subject to the approval of either house, your Committee believes that their retirement benefits should be the same as elected officers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 688, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

Representative Ajifu did not concur.

SCRep. 556 Finance on H.B. No. 1831

The purpose of this bill is to establish an office of public employment relations within the office of the governor to discharge the duties set forth in the collective bargaining act.

The position of chief negotiator would be established to head the office of public employment relations to assist the governor in formulating management's philosophy for public employee relations as well as planning bargaining strategies.

The sum of \$120,000 is appropriated from the general revenues of the State of Hawaii

to be expended by the office of the governor for the purposes of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1831 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 557 Finance on H.B. No. 184

The purpose of this bill is to specify the salary scale of the manager and deputy manager of the stadium. The manager's salary would be the same as for department heads of the State and the deputy manager's salary would be not more than eighty-five per cent of the manager's salary.

Existing law provides that the manager would be exempt from civil service and from the position classification plan and would receive such salary as the authority may provide. The deputy manager would be exempt from civil service but would be subject to the position classification plan.

Since the deputy manager's pay must be part of the position classification plan, even though his appointment is made by the authority on an exempt basis, this creates a wide gap between the pay levels of the manager and the deputy manager, and a small gap between the deputy manager and his immediate subordinates who have been classified near the top of the pay scale. Accordingly, your Committee has amended the bill to provide that the deputy manager's salary shall be not more than ninety per cent of the manager's salary.

Although the bill provides that all appointments by the manager shall be exempt from the requirements of chapters 76 and 77, your Committee feels that in filling positions, the manager should advertise the position vacancies in order to attract as many qualified applicants as possible.

Your Committee notes that the stadium is still in its formative stages with the completion date set for August, 1975. The stadium authority is expected to submit a report to the legislature on its organization, management, and staffing needs not later than twenty days prior to the convening of the 1976 Legislature.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 814, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 814, H.D. 1.

Signed by all members of the Committee.

SCRep. 558 Finance on H.B. No. 1742

The purpose of this bill is to create a new chapter in the Hawaii Revised Statutes to provide for State-funded training subsidies for certain employers. This bill will assist private employers who agree to participate in an employment program similar to the federal CETA program by training and permanently hiring the disadvantaged, the ex-offenders, Vietnam veterans, unemployed and underemployed heads of households, and needy youth.

Your Committee believes that this bill will serve a useful purpose in that it will expand the training and hiring program now established under the federal Comprehensive Employment and Training Act (CETA). It is your Committee's understanding that this bill will create further jobs for the unemployed.

Your Committee wants to make it clear that the subsidies are to be used for enrollees who are not covered by the federal CETA subsidy program. The appropriated amount is \$400,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. 1742, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 559 Finance on H.B. No. 714

The purpose of this bill is to establish equivalent learning centers on a statewide basis and fund the following--Kailua Learning Center; "storefront classroom", Wahiawa; and alternative schools for the intermediate schools in Hilo, Hawaii, Maui school district, Kona, Hawaii and Olomana School, Oahu. All these projects represent educational alternatives for underachieving and failing students.

Your Committee finds that:

(1) The Kailua Learning Center program, implemented in 1969, provides an educational alternative for underachieving and failing students. The program attempts to design and operate a learning center that establishes positive habits and attitudes about learning in students who are considered failures. An evaluation of the program conducted in March, 1973 for the 1972-73 school year reported exemplary results.

(2) The Storefront Classroom is a project which has been operating for five years. Originally funded through the Neighborhood Youth Corps, this program was taken over by the Community Association in Wahiawa when faced with federal fund cutbacks. It was accepted and supported as a valuable part of the community and proved itself to be successful.

(3) The Hawaii school district of the Department of Education has proposed a Hukilike program designed to establish a more responsive and effective educational program for a minority of alienated school students at the secondary levels. Alienated school youths are usually characterized by interests, capacities and talents not in conformity with standard school curriculum. Hukilike's approach is to develop an educational environment which is responsive to the individual needs and conducive to successful learning.

(4) The Maui school district of the Department of Education has developed an alienation school program in a setting apart from the established high schools. The program focuses on the improvement of student self-concept through a guidance-oriented program, the utilization of individualized instructional strategies, a work component for students who desire related experiences in the job world, and cultural and recreational opportunities consisting of such activities as arts and crafts, music and dance and recreation.

(5) The success of ongoing alternative school programs at Honaunau which is directed by outreach counselors and aimed at dropouts and potential dropouts deserves continued support.

(6) Olomana School has the potential to become an effective alternative not traditionally available in our educational system. The goals of Olomana School are to provide a total individualized learning experience for each student which will result in growth in three areas: improvement in basic skills, preparation for social roles and career guidance and vocational exploration and training.

Your Committee has amended this bill to include the foregoing programs because of their inter-relatedness in purpose and target student populations they serve. An appropriation of \$1,000,000 is provided for the purposes of this Act.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 714, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 714, H.D. 2.

SCRep. 560 Finance on H.B. No. 639

The purpose of this bill is to appropriate the sum of \$109,678 for the fiscal biennium 1975-77 to ensure the continuing availability of needed services for the retarded currently rendered by the Hilo Day Activity Center for the Adult Retarded by having the State assume its ownership, and incorporating its administration and operation into the State Department of Health's community program.

This bill was previously reported by your Committee on Health. See Standing Committee Report No. 287.

Your Committee of Finance is in accord with the intent and purpose of H.B. No.

639, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 561 Finance on H.B. No. 934

The purpose of this bill is to limit the retainage allowed under a public contract and to require sums withheld to be placed in interest-bearing escrow accounts.

The provisions of this bill limit the retainage in public contracts to a maximum of five per cent of the amount due the contractor until fifty per cent of the contract is completed with no retainage allowed thereafter, as long as progress has been satisfactory, in which case the maximum remains at five per cent. Further, the sums withheld as retainage as required to be placed in interest-bearing escrow accounts until released by written notice from the contracting body and the contractor.

Your Committee has amended this bill to correct a spelling error of the word "contract", on the last line, page 1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 934, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 934, H.D. 2.

Signed by all members of the Committee.

SCRep. 562 Finance on H.B. No. 239

The purpose of this bill is to establish an income tax credit for household renters with an annual adjusted gross income of \$15,000 or less.

Act 180, Session Laws of Hawaii 1970, provided for a system of income tax credits for household renters with an annual adjusted gross income of \$15,000 or less. The purpose of the tax credit was to reduce the higher tax burden of such renters as compared to homeowners due to the fact that renters receive no home exemption under the real property tax and the four per cent general excise tax on rentals are normally passed on to renters by landlords.

In 1974, the Legislature repealed the renter's tax credit along with all other income tax credits and replaced them with a single excise tax credit. The purpose of this action was to simplify the tax credit system to eliminate confusion on the part of tax payers and to ease administration of the tax credit system. However, the repeal of the renter's tax credit and the enactment of a single general excise tax credit did not ease the relative burden of renters as compared to homeowners as the general excise tax credit does not distinguish between renters and homeowners.

Your Committee believes that the rental tax credit for persons earning \$15,000 or less should be reinstated to equalize the tax burden of such renters as compared to homeowners.

Your Committee recommends that the tax credits allowed by the bill be amended as follows:

1. For persons with adjusted gross incomes under \$10,000, four percent to two percent.
2. For persons with adjusted gross incomes \$10,000 but less than \$12,500, three percent to one and one half percent.
3. For persons with adjusted gross incomes \$12,500 but less than \$15,000, two percent to one percent.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 239, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 239, H.D. 2.

Signed by all members of the Committee.

SCRep. 563 Finance on H.B. No. 1798

The purpose of this bill is to provide an appropriation for the continuation of the programs of the Pacific and Asian Affairs Council.

Your Committee recognizes the need to provide continuing education activities which supplement the school curriculum and which promotes our awareness of Pacific and Asian countries since the makeup of our society reflects many of the cultures of these societies.

Your Committee has appropriated \$65,000 for the purposes of this bill. Your Committee has provided funding for only one year of the biennium since this would be the first year that the program will be under the auspices of the University.

Your Committee on Finance is in accord with the intent and purpose of H.B. 1798, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 564 Finance on H.B. No. 867

The purpose of this bill is to provide equitable salary and fringe benefits to long-term substitute teachers contracted in advance to replace a certificated public school teacher and to increase the pay rate for all substitute teachers.

Your Committee agrees that the substitute teacher should be entitled to the benefits accrued by the regular teacher, other than for probationary tenure credits, since the substitute teacher is expected to perform all the duties of the teacher replaced.

Your Committee, upon consideration, has amended this bill by deleting section 4 which makes a blank appropriation. It is expected that funding for the purposes of this bill will be provided in the General Appropriations Act.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 867, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 867, H.D. 2.

Signed by all members of the Committee.

SCRep. 565 Finance on H.B. No. 1458

The purpose of this bill is to provide funds for the management, administration and operation of the Canada-France-Hawaii Telescope Corporation in accordance with the Tripartite Agreement among the National Research Council of Canada, the Centre National de la Recherche Scientifique of France and the University of Hawaii.

This bill appropriates \$85,000 out of the general revenues for the biennium 1975-77.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1458 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 566 Finance on H.B. No. 1799

The purpose of this Act is to appropriate out of the general funds of the State of Hawaii the sum of \$5,000, or so much thereof as may be necessary, for the office of the Legislative Reference Bureau to conduct an analysis of the operations of the Commission on Children and Youth.

Your Committee has amended the bill by deleting the requirement of twenty days prior to the convening of the 1976 Regular Session for the Legislative Reference Bureau to submit its report.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1799, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1799, H.D. 2.

Signed by all members of the Committee.

SCRep. 567 Finance on H.B. No. 1842

The purpose of this bill is to enable the Board of Regents to establish appropriate admission fees for the aquarium.

This bill was previously reported on by your Committee on Higher Education. See Standing Committee Report No. 372.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1842, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 568 Finance on H.B. No. 866

The purpose of this Act is to assess and levy a driver education fund underwriters' fee of \$1 a year on each insured motor vehicle, to be expended for driver education programs; to require DOE driver education and training program, where feasible, during regular school hours, in addition to the present after school, holiday, and vacation periods, which will offer academic credit, and be available to high school students after reaching 15 years of age and before graduation; to assign responsibility for conducting approved courses for instructors in driver education and training to the University of Hawaii; and to permit the waiving of the driver training fee upon the principal's recommendation.

The Hawaii No Fault Insurance Law will produce almost \$500,000 for a Driver Education on a levy of \$1 per vehicle annually. This bill would allow the Motor Vehicle Insurance Commission to allocate these funds to the State's High School Driver Education Program as well as the Court's Remedial Driver Training Program.

Your Committee is in agreement with the assignment of instructors training responsibility to the University of Hawaii, for this will permit the University to establish a program of training and to provide expertise and assistance to the Department of Education. Your Committee also supports waiving the driver training fee upon the principal's recommendation, for this will permit equal opportunities for all students despite their financial capabilities.

There is appropriated \$200,000 out of the general revenues of the State of Hawaii for the purpose of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 866, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 569 Finance on H.B. No. 1117

The purpose of this bill is to enable the commissioning of an artist based on design completion, for the creation of a sculpture of Queen Liliuokalani entitled "The Spirit of Liliuokalani".

Your Committee recommends that the sculpture be a lifelike figure of Queen Liliuokalani and that an appropriate descriptive plaque be a part of the sculpture.

Your Committee has amended the bill by deleting the appropriation of \$50,000 out of the general revenues of the State. It is the intention of the Committee that this Act be funded by Hawaii Revised Statutes 103-8.

Your Committee on Finance is in accord with the intent and purpose of H.B. 1117, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1117, H.D. 2.

Signed by all members of the Committee.

SCRep. 570 Finance on H.B. No. 1344

The purpose of this Act is to appropriate \$59,056 for the continuance of the Hawaiian Students Research Project. The appropriation is for a program director, stenographer, student help, and other operational costs to continue the project as a permanent University program and expand its culture workshops into communities. The objectives of the program are to identify the reasons that some groups of Hawaii's populations underutilize post-secondary educational opportunities, to develop services for these students, facilitate their access to University resources, and to advocate for responsiveness to their special needs within the University system.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1344 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 571 Judiciary on H.B. No. 608

The purpose of this bill is to provide for a hearing process under Chapter 91 of the Hawaii Revised Statutes for the withholding of a government employee's salary for indebtedness to the government.

This bill would guarantee the individual's right to due process by giving the employee the right to be heard and have his case decided upon under established rules. The employee could also waive the hearing and automatically have his salary withheld under the terms of the statute.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 608, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Yamada and Oda.

SCRep. 572 Judiciary on H.B. No. 1867

The purpose of this bill is to provide statutory authority that would satisfy the requirements of Section 6(c) (1, 3, 4 and 5) of Public Law 93-205, also known as the "Endangered Species Act of 1973" and will qualify Hawaii to enter into a cooperative agreement with the U.S. Department of Interior. Such an agreement would:

1. preclude Federal pre-emption of Hawaii's authority to regulate the "taking" of resident threatened or endangered fish or wildlife; and
2. make Hawaii eligible to receive Federal grant-in-aid funds up to two-thirds of approved program costs.

Your Committee feels this Act will preserve and conserve Hawaii's plant and animal life, particularly threatened and endangered species.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1867, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yamada and Oda.

SCRep. 573 Judiciary on H.B. No. 516 (Majority)

The purpose of this Act is to modernize the language and substance of certain sections of Chapter 577 of the Hawaii Revised Statutes.

Your Committee is also aware of the existence of several measures now before both houses of the legislature dealing with an overhaul of the present probate laws and your Committee believes the question of an illegitimate child's right to inherit from his natural father might more properly be considered when these probate laws, which are connected with the inheritance issues raised here. Your Committee, therefore, deleted the suggested amendments to Section 577-14, not because it disagreed with the intent expressed but because it felt that further consideration was necessary

because of the many complex issues raised and because it felt that the bill contained many other praiseworthy sections that should not be held back while the issues of the inheritance section were resolved.

Your Committee also made amendments to subsections 577-1, 577-6, 577-9, 577-15, 577-18, 577-22, and 577-23 in addition to those suggested in H.D. 1 for purposes of consistency, clarity, and style.

Your Committee reviewed the committee report submitted by the Committee on Youth and Elderly Affairs and the H.D. 1 attached and generally agreed with the rationale set forth therein. However, the proposed amendments recommended by the Committee on Youth and Elderly Affairs relating to Section 577-14 of the Hawaii Revised Statutes involve what your Committee believes are serious question in the laws of taxation, inheritance, real estate, and support which do not appear to be adequately supported by the testimony noted in your Committee on Youth and Elderly Affairs report. Your Committee, in discussing some of these questions with various members of the family court in relation with this bill and with another bill related to parentage noted that in the Parentage Act, the issues addressed with regard to inheritance were expressly avoided because of the many unresolved questions above mentioned.

The curfews applicable to 15 year olds contained in Section 577-18 was increased one hour to 10 o'clock p.m., not to 11 o'clock p.m. as recommended in H.D. 1 because your committee could see no justification for permitting a 15 year old to stay out one hour longer than a 16 year old is permitted to pursuant to Section 577-16 of the Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 516, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 516, H.D. 2.

Signed by all members of the Committee except Representatives Yamada and Oda.

Representative Sutton did not concur.

SCRep. 574 Water, Land Use, Development, and Hawaiian Homes, and Agriculture
on H.B. No. 1056

The purpose of this Act is to allow ranchers to be reimbursed for their undepreciated investments incurred during the last seven years of their pasture lease term.

Your Committees feel that this Act will encourage lessees to continue to make improvements to their leaseholds throughout the term of the lease. Many times, lessees tend to let the land waste away during the last few years of a lease if they are unsure that they will be able to acquire a new lease.

Your Committees feel that a lessee should be encouraged to continue making improvements to the land throughout the term of the lease, particularly during the last few years.

Your Committees recommend the following amendments, to read as follows:

Page 1, lines 1 - 2 are deleted, and the following inserted, to read:

"SECTION 1. Findings and purpose. (a) Findings. In order to utilize state-leased pasture lands at the highest productive level, the legislature believes that ranchers should be encouraged to maintain their leased pastures at maximum carrying capacity for the entire lease period.

(b) Purpose. The purpose of this bill is to allow ranchers to be reimbursed for their undepreciated investments incurred during the last seven years of their pasture lease term."

SECTION 2. Section 171-37, Hawaii Revised Statutes, is amended to read:

Page 3, line 15: the period (.) after "lessee" is deleted, and the following phrase added:

"during the last seven years of his lease term."

Page 3, beginning from line 16, to page 4, line 10 is deleted, and the following inserted:

"The board will determine the value of the undepreciated portion of the investment expended during the last seven years of the lease. The lessee will provide the board with a documented record of his expenses as proof of undepreciated investment. The undepreciated value will be based on the ordinary depreciation schedule allowed by the State Tax Department on capital improvements to pasture areas, but limited to the following: cross fencing, stock water or irrigation facility, permanent fee containers, cattle shelters, and land leveling. The appraisal shall be performed, after notice to the lessee, not more than two years nor less than ninety days from the date of lease expiration, and shall enumerate the residual value of all leasehold improvements identified above which lessee indicates he will not remove if the lease is not renewed. In the event of non-renewal of the lease for any reason, a sum equal to the undepreciated value of the identified leasehold improvements shall be paid to the former lessee by the board. For the purposes of this paragraph, "leasehold improvements" means any fixed improvements installed on the leased land, with the permission or consent of the lessor, for the purpose of enhancing or maintaining the value of the leased property for the uses for which disposed."

Your Committees on Water, Land Use, Development, and Hawaiian Homes, and Agriculture are in accord with the intent and purpose of H.B. No. 1056, as amended herein, and recommend that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 1056, H.D. 1.

Signed by all members of the Committees except Representatives Abercrombie, Yap, Lunasco, Clarke, Ikeda, Amaral and Oda.

SCRep. 575 Finance on H.B. No. 178

The purpose of this bill is to mandate a complete review of labor and labor-related programs at the University of Hawaii, a review of labor-related University programs across the nation, and an inventory of labor education materials and activities at the University of Hawaii and the community.

This bill appropriates a total of \$194,000 to be expended for the purposes of this bill by the Center of Labor-Management Education, through the University of Hawaii Foundation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 178, H.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. 576 Consumer Protection and Commerce on H.B. No. 499

The purpose of this bill is to prohibit discrimination on the basis of marital status with respect to credit transactions, employment and real estate transactions.

Section 1 of the bill adds a new chapter to the Hawaii Revised Statutes entitled the "Fair Credit Extension Act". Under the provisions of the new chapter, it would be unlawful for any creditor to discriminate against an applicant on the basis of marital status with respect to a credit transaction.

Provision is also made for civil remedies against creditors by applicants who have been discriminated against because of marital status.

The bill is similar in many respects to federal legislation on the same subject. Despite the federal laws, your Committee is of the opinion that having a State law will provide for better enforcement.

Your Committee has amended this portion of the bill by:

(1) Deleting the provision in Section -3 (f) that when each party to a marriage separately applies for credit from the same creditor, their accounts cannot be combined to determine credit worthiness. This is because the provision may sometimes work against the applicant for credit.

(2) Deleting the provision that an aggrieved applicant may pursue both federal and state remedies. This is in conformance with the federal law which allows the applicant to proceed under either state or federal law but not both.

(3) Deleting the provisions authorizing class actions.

(4) Adding a provision for civil penalties of up to \$2,500 for violations of the law. The Office of Consumer Protection would bring action to collect the penalties.

(5) Adding a provision allowing federal law to control to the extent that the federal law provides greater protection to applicants for credit.

Section 2 of the bill amends existing law relating to discrimination and adds marital status as another prohibited basis for discrimination in matters involving civil service employment, private employment, and real estate transactions.

In addition to the amendments to the bill previously discussed, your Committee has made further amendments relating to form which have no substantive effect and has corrected typographical errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 499, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 577 Consumer Protection and Commerce and Judiciary on H.B. No. 850

The purpose of this bill is to make clarifying amendments to the State's no-fault automobile insurance statute and to improve the operation and administration of the law.

Upon consideration of this measure, your Committees have amended the bill by deleting some of the proposed changes and making other changes to the law. The bill, as amended, makes the following changes to Chapter 294:

(1) Section 294-2 Definitions.

Motor Vehicle

The phrase "of a type" is inserted in the definition of motor vehicle to be consistent with endorsements and avoid gaps in out-of-state coverage. The present definition of motor vehicle means any motor vehicle required to be registered under Chapter 286; i.e., the motor vehicle must be registered in this State. Section 294-3(b), pertaining to out-of-state coverage, refers to "accidental harm arising out of the operation, maintenance, or use of a motor vehicle." This could be construed that in order to receive no-fault benefits while driving out of state, the motor vehicle involved must be registered in this State. Therefore, if the insured were driving out of state and not operating a vehicle registered in this State at the time of the accident, it could be construed that he does not qualify for no-fault benefits. To eliminate this possibility and provide the insured with out-of-state coverage, the definition of motor vehicle should not be limited to only those registered in this State. Clearly, no-fault coverage should be afforded an insured who drives a motor vehicle other than his own outside of Hawaii.

Trailers are deleted from the definition of motor vehicle since the trailer would be covered by the insurance on the vehicle transporting the trailer; under our compulsory insurance provisions, all vehicles should have insurance coverage which would extend to the trailer being transported.

(2) Section 294-4 Obligation to Pay No-Fault Benefits.

Pedestrians

Subsections (1)(A) and (B) provide that a pedestrian must be struck by a vehicle to be eligible for no-fault benefits. The amendment to these subsections expands the term "pedestrian" to include a bicyclist. This is primarily a technical change for clarity, since the practice to date has been that a bicyclist is considered to be

a pedestrian for purposes of applying the no-fault law and benefits. The law presently requires that an injured pedestrian be "struck by" a motor vehicle in order to obtain no-fault benefits. There is nothing which covers injury to a pedestrian in an accident which might be caused by a motor vehicle, but in which there is no physical contact between the pedestrian and the vehicle. Also, there is nothing which covers the situation in which the injured pedestrian strikes the vehicle. In the latter two cases, these pedestrians could be precluded from receiving no-fault benefits. The amendments to these subsections, therefore, expand the present situation by providing benefits to injured pedestrians through the mere involvement (operation, maintenance or use) of a motor vehicle.

Subsections (a) (1), (2) and (3) refer to a person suffering accidental harm or death. This is amended to pertain to such person sustaining accidental harm or death. This is primarily a technical change for clarity. The fear is that if anyone injured in an automobile accident can make claim, everyone else involved in the same accident can also make claim, even if they were not injured or failed to meet the tort qualifications. This was clearly not intended and can be avoided by the addition of the indicated language.

Maximum No -Fault Benefits

Subsection (a) (3) provides that tort action is allowed if injury occurs to a person in a motor vehicle accident and as a result of such injury the maximum no-fault benefits are exhausted. The question has arisen as to what is meant by "maximum no-fault benefits". One interpretation could be the \$15,000 maximum limit of no-fault benefits provided for in Section 294-3(c). Another interpretation could be the \$800 per month monthly earnings loss maximum provided for in Section 294-2(10)(c). The addition of the phrase "aggregate limit of" would clarify that the threshold that must be met before tort action is allowed is the \$15,000 maximum limit of no-fault benefits (Section 294-3(c)), or the \$15,000 aggregate limit of no-fault benefits (Section 294-2(10)).

(3) Section 294-9 Obligations Upon Termination of Insurance.

"Take All Comers" Provision

Subsections (b) and (c) provide that an application for a no-fault policy may not be rejected nor can a no-fault policy, once issued, be canceled or refused renewal except for reasons specified by law. Since a no-fault policy by definition means an insurance policy which meets the requirements of Section 294-10, Required Policy Coverage, but does not specifically include required optional additional insurance as provided for in Section 294-11, it appears that the law does not prevent an insurer from rejecting an application for required optional additional coverage nor canceling or refusing to renew such coverage.

The amendment to subsections (b) and (c) increases consumers' rights to obtain and maintain insurance coverage pertaining to not only basic coverages outlined in Section 294-10, but also to required optional additional insurance meeting provisions of Section 294-11. Any application for a policy providing these coverages may not be rejected nor canceled by an insurer, except for reasons specified by law.

Reporting of Cancellations

The changes to subsection (c) regarding insurers' cancellation requirements are primarily for administrative facilitation. Sub-section (c) presently provides that in any case of cancellation or refusal to renew, a thirty-day written notice by registered or certified mail, deliverable to addressee only, shall be given to the insured, the commissioner, and the County Director of Finance of the appropriate county of registration.

A large number of cancellation notices sent out are not effected, as insureds frequently renew prior to the expiration of the thirty days. This being the case, the requirement that copies of the thirty day notices be sent to the commissioner and county directors of finance results in an inordinate amount of mailing and clerical handling without constructive benefit. The commissioner or county directors of finance are only concerned with cancellations which are actually effected and when insurance coverage on a motor vehicle has ceased.

The provisions of this section are therefore amended to require the thirty-day notice to be sent to the insured by registered or certified mail and that notices not be sent to the county directors of finance unless cancellation is actually effected. The copy

to the commissioner is considered unnecessary since the required statistical and/or specific information is subsequently provided to the commissioner through insurers' quarterly reports. Your Committees have amended the bill to require that a copy be sent to the chief of police of the county.

(4) Section 294-10 Required Policy Coverage.

Property Damage Liability

Subsection (a)(2) presently provides for liability coverage of not less than \$10,000 for all damages arising out of injury to or destruction of property. It has been pointed out that property damage liability coverage provided under policies in existence prior to the no-fault law specifically excludes property in the care, custody and control of the insured. For example, property damage liability coverage should not apply to damage to property which an insured is transporting, such as in the case of a trucking firm, or in his charge as in the case of a borrowed vehicle. The exceptions indicated were standard in all automobile policies in effect prior to the no-fault law, since appropriate coverages are available through other sources.

The amendment to subsections (a) and (a)(2) clarifies that the intent of Section 294-10 was not to expand bodily injury and property damage liability coverage beyond those provided under policies in existence prior to the no-fault law.

(5) Section 294-13 Motor Vehicle Insurance Rates.

Increase in Rates

Subsection (1) mandated a fifteen per cent reduction in premiums for no-fault coverage calculated as a percentage of each insurer's premium for a comparable combination of insurance in effect on January 1, 1973. No increase in rates is allowed prior to September 1, 1975 unless the commissioner finds that the rates jeopardize the solvency of an insurer. Your Committees have amended this bill to change the date prior to which no increase in rates is allowed from September 1, 1975 to September 1, 1976.

(6) Section 294-22 Joint Underwriting Plan Risks, Eligibility.

Subsection (b)(1) provides that eligible applicants shall secure a no-fault and tort liability policy through the Joint Underwriting Plan.

The JUP was designed to be a haven for the applicant who could not obtain insurance in the voluntary market at a reasonable premium and not a mandatory "dumping ground" for all JUP eligible risks. This subsection is, therefore, amended to clearly provide that eligible applicants have the option of securing a no-fault and tort liability policy through the Plan; i.e., it clarifies that coverage under the Joint Underwriting Plan is at the consumer's option.

Public Assistance Recipients

Subsection (b)(2)(A) provides that licensed drivers receiving public assistance benefits are eligible for coverage in the JUP at no cost. A literal reading of this would mean that a public assistance recipient need only be a licensed driver in order to be eligible for free insurance. This literal interpretation could open the door to widespread abuse in that licensed drivers receiving public assistance could insure the vehicles of friends and relatives at no cost.

The amendment to this provision precludes public assistance recipients from obtaining free insurance on vehicles not registered in their name.

(7) Section 294-24 Joint Underwriting Plan Rates.

Motorcycle Deductible

Subsection (b)(1) provides for a \$250 deductible for a motorcycle no-fault coverage under the JUP. Section 294-11(a)(5)(B) does not provide for such a deductible for motorcycles insured in the voluntary market. To provide consistency, the \$250 deductible for motorcycle no-fault coverage under the JUP has been deleted.

The present provisions under JUP also do not afford \$100 or \$300 deductible options for motorcycle no-fault coverage; these optional deductible coverages are offered motorcycles insured in the voluntary market. The proposed amendment provides

for \$100 and \$300 deductibles to be offered motorcycles receiving no-fault coverage under the JUP.

(8) Section 294-35 Allocation of Burdens Until System Established.

The present law requires that the commissioner shall, within one year after the effective date of this Chapter, establish a system of proportionate reimbursement as authorized by the provisions on equitable allocation of burdens, Section 294-34(c). It is felt that there will be insufficient experience data available for the commissioner to establish a system of proportionate reimbursement within one year after the effective date of this chapter; it is therefore recommended that the commissioner have a two-year period after the effective date of this chapter to establish a proportionate rate of reimbursement system.

The commissioner is presently receiving motorcycle and truck accident reports from insurers; however, these reports only reflect initial handling of claims and continue to remain pending. Insurers are required to provide updated reports whenever there is significant change in the total economic loss sustained, but not less frequently than each six months, until the claim is closed. All of the reports received by the commissioner continue to remain open. It is felt that the commissioner will not obtain adequate data from closed files to accurately establish a system of proportionate reimbursement for at least another year. At that time, there should be an adequate number of closed files to obtain experience data accurately establishing a proportionate reimbursement system.

In subsection (1), a self-insurer has been included under the proportionate reimbursement provisions. This is consistent with the provisions of subsection (2).

An additional provision has been included in subsections (1) and (2) providing that in conjunction with Section 294-7, Rights of Subrogation, an insurer or self-insurer shall not recover more than 100 per cent of the no-fault benefits which it pays. This additional provision is required to preclude unjust enrichment to a no-fault insurer or self-insurer.

(9) Section 294-39 General Penalty Provision.

The enforcement provisions in subsection (a) have been changed by eliminating the maximum \$1,000 civil penalty and providing the county police departments authority to issue citations for violations of applicable provisions of this chapter, within the framework of the Violations Bureau of the District Court of the First Circuit.

Government officials experienced with the enforcement of other legislation indicate that civil remedies are too cumbersome for widespread effective enforcement on a large scale. The civil penalty provided for in this section has also been found to be cumbersome and administratively impractical to carry out. In addition, concern has been expressed in regard to a lack of a basis or schedule of penalty amounts and the absence of judicial discretion or guidelines in determining an equitable penalty.

It should be noted that of the first four civil complaints filed against uninsured motorists, judgment received from the District Court of the First Circuit resulted in a penalty of \$1 against each of the four defendants. There is general consensus among the Honolulu Police Department, the District Court, and the commissioner that a solution lies in amending the penalty provision by providing for the issuance of traffic citations in lieu of filing civil suits. The citations, in a form approved by the District Court, would be issued to a violator by a police officer.

There is presently a mechanism available within the Violations Bureau of the District Court of the First Circuit to cope with a violation of the traffic code. The enforcement provisions of the No-Fault Law can easily be made a part of this mechanism by the indicated amendment.

(10) Drivers Education Fund Underwriters' Fee

The Drivers Education Fund Underwriters' Fee is amended by deleting it from Section 286-140 and placing it in Chapter 294. This is primarily to provide for equitable distribution and control of this fund.

Section 286-140 provides that "There is assessed and levied upon each insurer and self-insurer a drivers education fund underwriters' fee of \$1 per year on each motor vehicle insured by each insurer or self-insurer." The section also specifically

describes the procedures and timing for computation and payment of this fee. These procedures are literally not workable and administrative control is difficult. To correct this situation, the commissioner should be allowed discretion in defining the basis for computation and timing of payment consistent with the intent of the law and sound administrative practices.

The law presently requires that the drivers education fund fee is due and payable in full on a monthly basis, within thirty days of commencement of coverage under a no-fault insurance policy. This is amended to require that the fee is due and payable on an annual basis by means and at a time to be determined by the commissioner. This is primarily a change for administrative facilitation and also more closely corresponds with reporting requirements established by the Motor Vehicle Insurance Division.

The drivers education fund provisions are also amended by providing that the drivers education programs administered by the Department of Education (Chapter 299) as well as the District Court (Section 286-128(m)) would benefit from the funds generated by this section. The law presently directs the entire drivers education fund solely to the drivers education program administered by the District Court. It is felt that the programs administered by both the Department of Education and the District Court should equitably share this fund.

Based on the State Highway Safety Coordinator's traffic data, there were 484,521 registered motor vehicles in Hawaii in 1973; thus, approximately \$500,000 is projected to be generated by the drivers education fund underwriters' fee. It is felt that by equitably proportioning this fund between the drivers education programs administered by both the Department of Education and the District Court, more students of age throughout the State might have the opportunity to enroll in driver education classes. By training more youngsters in the program driving techniques at an early age, the District Court may possibly experience a reduction in the number of people having to appear or participate in their driver education program. Additionally, the learning of safe and proper driving techniques by more individuals may result in a reduction in accidents, which should correspondingly assist in stabilizing or decreasing rates.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 850, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 850, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 578 Consumer Protection and Commerce on H.B. No. 141

The purpose of this bill, as amended, is to clarify the procedure to be followed in applications for attachment of mechanic's and materialman's liens.

As originally introduced, this bill limited mechanic's and materialman's liens in cases where an owner has paid the contractor in full for an improvement. However, your Committee has amended the bill in its entirety in order to conform with the purpose stated above.

In 1974, the Seventh Legislature passed Act 113 which provided for a hearing prior to the attachment of a mechanic's or materialman's lien to determine if there is probable cause for the lien. Testimony submitted to your Committee indicated that the law is unclear in certain respects and clarification is needed. For example, the law presently provides that the hearing prior to the attachment is to determine whether there is probable cause for the lien to attach. Other than in cases of unreasonable extension of credit, which is specifically covered by the law, the language of the statute is unclear as to whether the person against whom the lien is being asserted can submit evidence asserting a defense to the claim upon which the lien is based. This bill would make it clear that such evidence can be submitted at the probable cause hearing.

Additionally, the bill provides that a lien will attach only for the amount that the court determines is the reasonable probable outcome of any dispute.

This measure also amends the provisions in Section 507-49 dealing with unreasonable extensions of credit by furnishers of materials by deleting the requirement that credit applications from contractors to suppliers be updated every three months. Those testifying in favor of this amendment to the law pointed out that it is unduly burdensome

on contractors and suppliers to update this information every three months and that other indicators such as past business between the supplier and contractor are more reliable indicators of the financial stability of the contractor.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 141, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 579 Consumer Protection and Commerce on H.B. No. 1840 (Majority)

The purpose of this bill is to prohibit banks, trust companies, and savings and loan associations from directly or indirectly possessing or exercising any of the benefits, rights, powers, or privileges conferred upon industrial loan companies.

Your Committee finds that if banks and other financial institutions were permitted to own or control industrial loan companies, there would be a danger of undue domination of the financial industry by a few large institutions. This would mean reduced competition and be detrimental to consumers.

The bill has been amended to make clear that the prohibition applies only to banks, trust companies, and savings and loan associations that are organized or doing business in this State. This is because the danger of domination is especially acute when a financial institution is engaged in more than one facet of the financial industry in the same state. A foreign financial institution entering only the industrial loan field in this State would not present a significant threat of domination.

The bill has been amended in matters related to form by deleting the "a" between the words "or" and "savings" on page 1, line 5; and adding the word "or" after the semicolon on page 2, line 5.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1840, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1840, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Takamine and Yap.

Representatives Cayetano, Naito, Uechi, Carroll and Hakoda did not concur.

SCRep. 580 Legislative Management

Informing the House that House Resolution Nos. 546 to 636, House Concurrent Resolution Nos. 103 to 122, Standing Committee Report Nos. 202 to 593, and Floor Amendments to House Bill No. 13, H.D. 2; House Bill No. 91, H.D. 2; House Bill No. 152, H.D. 2; House Bill No. 419, H.D. 2; House Bill No. 1871, H.D. 2; House Bill No. 258, H.D. 1; and House Bill No. 1354, H.D. 1, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 581 Energy and Transportation on H.C.R. No. 26

The purpose of this Concurrent Resolution is that the Stadium Authority and the City and County of Honolulu be requested to establish an express bus stop at the new stadium at Halawa and to make stadium parking spaces available to the public free of charge when the stadium itself is not in use.

Testimony presented by the City and County Department of Transportation Service indicated that they are in favor of this resolution with the understanding that the proposed express bus service can be provided when the City has the necessary equipment.

The parking lot of the new stadium at Halawa is a natural park-and-ride facility

for people wishing to drive from the Pearl City-Aiea area to such facility, to get onto a bus, and ride to the heavily congested urban core. The daytime parking for park-and-ride patrons should not normally conflict with possible heavy night-time and weekend use of the parking lot for stadium functions.

Although the City is in favor of making this parking lot a park-and-ride facility, at the present time, the City cannot provide adequate express bus service due to equipment shortages. However, they are in the process of purchasing 40 new buses which should be arriving late this year. At that time, a more definitive implementation schedule and plan can be made.

The Stadium Authority has expressed its willingness to effectuate the provision of H.C.R. No. 26, and considers the concept of "park-and-ride" both visionary and practical. However, the Authority is not certain whether the use of the Stadium's parking spaces will be available free of charge because of maintenance and the fact that substantial parking charges will be made at other times of the day.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.C.R. No. 26, and recommends its adoption.

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

SCRep. 582 Energy and Transportation on H.C.R. No. 27

The purpose of this Concurrent Resolution is to request the City and County of Honolulu to establish additional express bus stops in the Pearl City-Pearl Ridge area and to undertake other bus service improvements to ease the transportation problems of the residents of the area.

Your Committee has found that in recent years the population of Leeward Oahu has been increasing at an extremely rapid rate and road systems serving the area have not been adequate to accommodate the attendant growth in the number of autos.

To establish additional express bus stops in the Pearl City-Pearl Ridge area and to undertake other bus service improvements, such as greater frequency of service, would ease the transportation problems for the residents of this area.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.C.R. No. 27 and recommends its adoption.

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

SCRep. 583 Energy and Transportation on H.R. No. 256

The purpose of this Resolution is to request the City and County of Honolulu to establish additional express bus stops in the Pearl City-Pearl Ridge area and to undertake other bus service improvements to ease the transportation problems of the residents of the area.

Your Committee has found that in recent years the population of Leeward Oahu has been increasing at an extremely rapid rate and road systems serving the area have not been adequate to accommodate the attendant growth in the number of autos.

To establish additional express bus stops in the Pearl City-Pearl Ridge area and to undertake other bus service improvements, such as greater frequency of service, would ease the transportation problems for the residents of this area.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 256 and recommends its adoption.

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

SCRep. 584 Energy and Transportation on H.R. No. 324

The purpose of this Resolution is to request the Director of Transportation to conduct a feasibility study regarding the amount of fuel savings that could be realized if slow vehicles are prohibited from utilizing the roads, streets, or highways that are designated as allowing only one way traffic.

Your Committee finds that during our energy crisis period, where everything possible should be done to intelligently conserve fuel, there is merit in a feasibility study as to the amount of fuel savings that could be realized if such slow vehicles were to be prohibited from utilizing the roads, streets or highways designed for one-way traffic.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 324 and recommends its adoption.

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

SCRep. 585 Energy and Transportation on H.R. No. 325 (Majority)

The purpose of this resolution is to request the Chief of the Hawaii State Department of Transportation, Highways Division, to permit left turns from Nalanieha Street on to Likelike Highway between the hours of 6:00 a.m. and 8:00 a.m.

Your Committee finds that the Department of Transportation's traffic engineer will investigate the present left-turn prohibition from Nalanieha Street on to Likelike Highway.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 325 and recommends its adoption.

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

Representative Ajifu did not concur.

SCRep. 586 Energy and Transportation on H.R. No. 326

The purpose of this resolution is to request the Chief of the Hawaii State Department of Transportation, Highways Division to prohibit left turns from Likelike Highway on to Makuahine Street between the hours of 6:00 a.m. and 8:00 a.m.

Your Committee finds that the Department of Transportation will study the proposal and will implement the left-turn prohibition if it is warranted.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 326 and recommends its adoption.

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

SCRep. 587 Energy and Transportation on H.R. No. 255

The purpose of this Resolution is that the Stadium Authority and the City and County of Honolulu be requested to establish an express bus stop at the new stadium at Halawa and to make stadium parking spaces available to the public free of charge when the stadium itself is not in use.

Testimony presented by the City and County Department of Transportation Service indicated that they are in favor of this resolution with the understanding that the proposed express bus service can be provided when the City has the necessary equipment.

The parking lot of the new stadium at Halawa is a natural park-and-ride facility for people wishing to drive from the Pearl City-Aiea area to such facility, to get onto a bus, and ride to the heavily congested urban core. The daytime parking for park-and-ride patrons should not normally conflict with possible heavy night-time and weekend use of the parking lot for stadium functions.

Although the City is in favor of making this parking lot a park-and-ride facility, at the present time the City cannot provide adequate express bus service due to equipment shortages. However, they are in the process of purchasing 40 new buses which should be arriving late this year. At that time, a more definitive implementation schedule and plan can be made.

The Stadium Authority has expressed its willingness to effectuate the provision of H.R. No. 255, and considers the concept of "park-and-ride" both visionary and practical. However, the Authority is not certain whether the use of the Stadium's parking spaces will be available free of charge because of maintenance and the fact that substantial parking charges will be made at other times of the day.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.R. No. 255, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 588 Agriculture and Water, Land Use, Development, and Hawaiian
Homes on H.R. No. 105

The purpose of this Resolution is to (1) request the Department of Land and Natural Resources to submit a coordinated-comprehensive plan to the Speaker of the House of Representatives prior to twenty days of the first day of the Regular Session of 1976 and (2) permitting the Board of Land and Natural Resources to dispose of expired State pasture leases on the island of Hawaii as recommended under the plan prior to twenty days of the first day of the Regular 1976 Session, if such action is in the best interest of the State.

The problem is related to approximately 81,000 acres of State pasture leases on the island of Hawaii which expired about two years ago and are currently under revocable permits.

Your Committee, upon considering the Resolution, recommends the following amendments:

- (1) Delete all reference to agricultural parks because of limitations under existing statute relating to agricultural parks.
- (2) Delete the second, sixth, seventh and eighth paragraphs and insert amended paragraphs to (a) express concern over the lack of a coordinated-comprehensive plan for the most efficient use of State pasture lands with expired leases; (b) and to provide for the expeditious disposal of expired pasture lease anytime prior to twenty days of the first day of the 1976 Regular Session.

In developing the comprehensive plan for each expired pasture lease, the Department of Land and Natural Resources should coordinate its efforts with the Department of Agriculture, the College of Tropical Agriculture and other departments and the County of Hawaii, as necessary.

Your Committees on Agriculture and Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.R. No. 105, as amended herein as H.R. No. 105, H.D. 1, and recommends its adoption.

Signed by all members of the Committees except Representatives
Yap and Ikeda.

SCRep. 589 Agriculture on H.R. No. 98

The purpose of this Resolution is to review the progress of current aquaculture programs the resources committed to them, and their appropriate organizational placement.

The discussions at the hearing indicated a need to:

- (1) Amend the aquaculture loan program to place the wet farmer on the same terms as the dry farmer. The farm loan program presently allows a maximum of \$100,000 for capital improvements and \$75,000 for operational expenses whereas the aquaculture loan program limits the applicant to \$75,000 or 15% of the \$500,000 appropriated.

- (2) Consolidate, coordinate and expedite the permit process under a single office such as the State Environmental Protection Office. In California, no new aquaculture farms are possible because of all the interlocking federal, state and county conservation-environmental laws, which present such a maze that no individual can get through to a point of legally farming in water.
- (3) Establish a single state-recognized loan and grant review committee. At present, there is no qualified source that the farm loan division can turn to for a reliable opinion of the business risks of an aqua-farm operation.

The resources of the Department of Land and Natural Resources that have been committed to aquaculture activities involved both State general fund and Federal-aid reimbursable funds under the Commercial Fisheries Research and Development Act (PL 88-309) amounting to about \$30,000 annually, and from the National Sea Grant College and Program Act of 1966 amounting to \$82,100 approved for FY 1974-75 and \$120,000 each anticipated for FY 1975-76 and FY 1976-77.

Your Committee on Agriculture recognizes the need for a statewide Committee on Aquaculture embracing leaders of aquaculture programs in the Department of Land and Natural Resources, University of Hawaii, Federal agencies and knowledgeable people in the local private sector to determine and recommend needs and priorities for projects in research and development.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 98 and recommends its adoption.

Signed by all members of the Committee except Representative Yap.

SCRep. 590 Labor and Public Employment on H.C.R. No. 81

The purpose of this resolution is to request the establishment of a Committee to Reduce Unemployment to propose methods and programs by which Hawaii's unemployment rate may be decreased.

Your Committee has amended this resolution to provide that the Committee to Reduce Unemployment would convene a Statewide conference on unemployment opportunities. The conferees would be composed of representatives from government, labor, business and the general public. They would advise and make recommendations to the Committee on the development of means to alleviate problems caused by unemployment.

Your Committee has further amended this resolution to provide that the Committee to Reduce Unemployment would be appointed by May 1, 1975. The Committee's report of its findings and recommendations would be made twenty days prior to the convening of the 1976 session.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 81, as amended herein, and recommends that it be adopted in the form attached hereto as H.C.R. No. 81, H.D. 1.

Signed by all members of the Committee except Representative Kamalii.

SCRep. 591 Higher Education on H.R. No. 85

The purpose of this resolution is to request the Board of Regents of the University of Hawaii to appoint an Ad Hoc Committee to review University plans for child care centers on all campuses.

Your Committee has held a public hearing on this resolution, received testimony from Peter Dyer, Academic Planner for the University of Hawaii System and has examined previous reports and legislation regarding child care centers, and is firm in its belief that in the interest of equal educational opportunity, child care centers are needed on University of Hawaii campuses.

On January 16, 1975, in response to S.R. 198, S.D. 1-74 which requested the University to establish child care centers at University campuses, the Board of Regents adopted the following policy:

Child care centers may be accommodated on University campuses provided that such space appropriate for this use can be made available without impinging upon the facility and the scheduling requirements of the curricula offered at the campus concerned.

Your Committee believes that while this policy reflects the concern of S.R. 198, S.D. 1, 1974 Regular Session the University has not moved swiftly and sincerely towards implementing the intent of the measure. The intent is clearly to establish child care centers without disrupting educational processes by utilizing badly needed teaching facilities. Your Committee has ascertained that the University of Hawaii has been reluctant to establish child care centers despite the availability of space, certain federal and private funds, volunteer efforts, and substantial parental interest. Your Committee has concluded that at this time an ad hoc committee to review the status of University child care plans is unnecessary since substantial planning has already begun and public interest and commitment abound. An ad hoc committee may serve only to hinder the process of meeting existing and future needs.

Your Committee has therefore amended the title and purpose of this resolution. The title is amended to read: REQUESTING THE UNIVERSITY OF HAWAII TO IMPLEMENT THE INTENT OF S.R. 198, S.D. 1-74, RELATING TO THE ESTABLISHMENT OF CHILD CARE CENTERS ON ALL CAMPUSES OF THE UNIVERSITY OF HAWAII SYSTEM. The purpose, as amended, is to have the University implement the intent of S.R. 198, S.D. 1-74 by establishing child care centers on University campuses and to actively participate in the development of the Comprehensive Child Care Plan.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 85, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 85, H.D. 1.

Signed by all members of the Committee.

SCRep. 592 Environmental Protection on H.R. No. 156

The purpose of this resolution is 1) determine the effects of the executive order relating to environmental impact statements (E.I.S.) which was in effect prior to the passage of the law, 2) evaluate the procedural system and the effect of the law to determine if amendments are needed, and 3) consider centralizing the processing function or of resource personnel to avoid duplication.

Your Committee finds that there may be difficulties in fully implementing Chapter 343, Relating to Environmental Impact Statements and the Environmental Quality Commission. Sound and systematic evaluation requires a basis of experience. Since Chapter 343, as Act 245, was enacted during the 1974 Legislature and the rules and regulations have not been promulgated, there must be an interim period to evaluate and determine the actual effects of the E.I.S. law.

Therefore, your Committee has amended H.R. 156 to request the Office of Environmental Quality Control, the Environmental Quality Commission, and the University of Hawaii Environmental Center to study the state's E.I.S. system and report their findings to the Chairman of the House Committee on Environmental Protection no later than January 1, 1976. At that time, your Committee will distribute the reports for public response and subsequently hold hearings on the E.I.S. statutes, and rules and regulations.

Your Committee on Environmental Protection concurs with the intent and purpose of H.R. No. 156, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 156, H.D. 1.

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

SCRep. 593 Environmental Protection on H.R. No. 283

The purpose of this resolution is to determine the feasibility of reclaiming, as mini-parks, streets that are no longer carrying traffic because of re-routing and changes in traffic patterns.

Your Committee deems it necessary to determine how unutilized and unused streets

can best be restored to create a visual oasis. An example of this process is the section of Hotel Street between Iolani Palace and the State Capitol.

Your Committee has amended the resolution so that the counties, civic and professional groups will be included in the studies.

Your Committee on Environmental Protection concurs with the intent and purpose of H.R. No. 283, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 283, H.D. 1.

Signed by all members of the Committee except Representative Kamalii.

SCRep. 594 Legislative Management

Informing the House that House Resolution Nos. 637 to 648, House Concurrent Resolution No. 123, and Standing Committee Report Nos. 595 to 602, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 595 Youth and Elderly Affairs on H.R. No. 184

The purpose of this resolution is to request the Commission on Aging, in cooperation with the Department of Taxation, to compile a pamphlet setting forth tax information for the use of senior citizens and other persons concerned with senior citizens by the end of 1975 and present a copy to the Legislature prior to the Regular Session of 1976.

As revealed in testimony, your Committee finds that a compilation on taxes and provisions relating to senior citizens is needed and would be beneficial. The preparation and distribution of this pamphlet by the Commission on Aging seems to be the most expedient method.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 184 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 596 Youth and Elderly Affairs on S.C.R. No. 25

The purpose of this concurrent resolution is to express the concurrence of the Eighth Legislature of the State of Hawaii, Regular Session of 1975, with the findings and recommendations of the "Comprehensive Master Plan for the Elderly", and to express its firm resolve to expedite and enhance the implementation of the goals, objectives, and recommendations reflected in the Master Plan.

Your Committee feels that although certain proposals made by the Master Plan, including the Hawaii Income Assurance System, need further study and consideration, it is nevertheless desirable to adopt the Master Plan as an expression of overall state policy for the provision of services and programs to Hawaii's elderly in order to accelerate the process of implementation of those aspects of the plan which are feasible.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of S.C.R. No. 25, and recommends its adoption.

Signed by all members of the Committee except Representatives Akizaki, Kiyabu, Kondo, Suwa, Hakoda and Ikeda.

SCRep. 597 Public Assistance and Human Services on H.R. No. 477

The purpose of this resolution is to designate March 1975 as "Social Work Month" in conjunction with the NASW, Hawaii Chapter observance. The resolution designates March 11, 1975 as "Human Services Day". The resolution requests the citizens of Hawaii to participate in this observance and support social service professionals.

Your Committee feels that Hawaii's social service professionals have done a commend-

able job in serving our citizens and deserve to be recognized for their efforts.

Your Committee on Public Assistance and Human Services concurs with the intent and purpose of H.R. No. 477 and recommends its adoption.

Signed by all members of the Committee except Representative Kamalii.

SCRep. 598 Water, Land Use, Development, and Hawaiian Homes on H.R. No. 210

The purpose of this resolution is to institute a program which would permit bird and game hunting by civilians on military installations in the State.

Pohakuloa Training Area on the island of Hawaii is the only military installation on which public hunting is currently allowed. In this instance, public hunting opportunities are restricted to period or areas designated by the Base Camp Commander.

Pressure for public hunting on areas managed by the Department of Land and Natural Resources has been so great that it cannot be met on existing lands at the present time.

By dispersing some hunters to military lands, more recreational hunters will be able to be accommodated.

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 210 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 599 Water, Land Use, Development, and Hawaiian Homes on H.R. No. 214

The purpose of this resolution is to include the selective hunting of wild pigs in the Park's program of plant and animal conservation.

The Hawaii Volcanoes National Park currently has a feral goat control program which has been highly successful by providing hunters with opportunities they would not have otherwise had.

Your Committee feels that if this concept were extended to include wild pigs, it would encourage the preservation of the natural ecosystem of the park besides providing for recreation for hunters.

Your Committee recommends the following amendments:

In the title, "DIRECTING" is deleted and "REQUESTING" is substituted.

In the last paragraph of the resolution, a certified copy of the resolution is also to be sent to "Hawaii's congressional delegation."

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 214, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 214, H.D. 1.

Signed by all members of the Committee.

SCRep. 600 Water, Land Use, Development, and Hawaiian Homes on H.R. No. 289

The purpose of this resolution is to study the relation of Land Use Commission activities to planning activities of the counties.

Your Committee feels that the counties are equipped with the sensitivity to deal with local problems and the skills necessary to make long term land use decisions on the local level, while the Land Use Commission's work is carried on independently of the counties.

The Land Use Commission exercises the single most influential planning instrument in determining the direction of urban growth in the State, and your Committee is of the belief that open communications between the county and the Land Use Commission

is essential, to insure that the Commission's decisions are sensitive and responsive to the needs of the county.

Your Committee suggests the following amendments:

The first BE IT RESOLVED clause is amended to read:

"BE IT RESOLVED by the House of Representatives of the Eighth Legislature of the State of Hawaii, Regular Session of 1975, that the Speaker of the House is requested to appoint an interim committee to study the relation of Land Use Commission activities to planning activities of the counties, and shall include a review of the policy-making and professional staff resources available to both the Land Use Commission and the counties; and

A second BE IT RESOLVED clause is added, to read:

"BE IT RESOLVED that the interim committee shall report its findings to the House of Representatives no later than 20 days prior to the opening of the 1976 Legislature; and"

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 289, as amended herein and recommends its adoption in the form attached hereto as H.R. No. 289, H.D. 1.

Signed by all members of the Committee.

SCRep. 601 Education on H.R. No. 68

The purpose of this Resolution is to request the Legislative Auditor to submit a report to the legislature twenty days prior to the convening of the 1976 Legislative session on the progress of the Department of Education in implementing the recommendations made by the Legislative Auditor in the management audit.

The report should include departmental procurement policies, centralized purchasing practices, and an explanation of the reasons for the delays in implementation of the recommendations.

Your Committee feels that a follow-up report by the Legislative Auditor would be beneficial at this time. Your Committee realizes that the Department of Education did not concur with some of the recommendations, but because the Auditor's report was supported by the Legislature, it is felt that the implementation should be monitored.

For the purpose of continuity and clarification, your Committee offers a number of amendments. The third and fourth Whereas clauses and the Be It Resolved clauses have been substituted in their entirety, and the Be It Further Resolved clause has been revised to reflect those changes. The new Whereas clauses reflect the recommendations for improvement in expenditure practices, the support of the Auditor's report and its implementation by the Legislature and the need for a follow-up report on the implementation of the recommendations.

The new Be It Resolved clause appoints the Auditor to review the implementation instead of the House Education Committee, as designated in the original Resolution. This clause is also shortened and made more concise to reflect the aforementioned concerns. A new Be It Further Resolved clause is added to set the above mentioned date for the submission of the requested report. The last Be It Further Resolved clause is changed from transmitting certified copies of this Resolution to the Speaker of the House and the Chairman of the Education Committee, to transmitting copies to the Legislative Auditor and the Chairman of the Board of Education.

Your Committee on Education concurs with the intent and purpose of H.R. No. 68, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 68, H.D.1.

Signed by all members of the Committee.

SCRep. 602 Education on H.R. No. 291

The purpose of this Resolution is to request the Department of Education to recognize

the 'Ohana Project and make it available to schools throughout the state.

The Friends of Kamiloiki, a non-profit organization of parents, teachers, students and community people in Hawaii Kai, put together a community and school involvement program two years ago. The 'Ohana Project "seeks to maximize parent talent in the learning process of children. It seeks to provide support and resources for students, teachers, parents (and) community members concerning expressed interests or problems especially concerning learning. It will not necessarily give answers but will make resources available for people to seek and discover their own answers." (Quotations from the 'Ohana Project leaflet.)

The 'Ohana Project offers a variety of programs which involve the Hawaii Kai community as a whole. There are Special Dialogue Sessions and Workshops. These are dialogue sessions between parents and school personnel which have provided participants with opportunities to examine school issues, policies, goals, and practices. Through such dialogues, modifications in the total school program may be made to meet the special requirements of the school community. There have been numerous other activities undertaken which involve the school and its community, sometimes during school hours and sometimes during the after-school hours. All of these projects can and have contributed to a happier community life, which in turn increases the possibilities of happier learners in school.

In your Committee's continuing effort to improve the learning system, especially where it involves the community and the Department of Education working together, it is felt that if the 'Ohana Project were made available, it could be an asset to many schools and their communities.

Your Committee offers one amendment to this Resolution. The original Resolution required that the Department recognize the 'Ohana Project and incorporate it into its own system as a pilot program for subsequent implementation throughout the state. The amendment changes this to making the Project available to all schools who wish to incorporate it.

Your Committee on Education concurs with the intent and purpose of H.R. No. 291, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 291, H.D. 1.

Signed by all members of the Committee.

SCRep. 603 Legislative Management

Informing the House that House Resolution Nos. 649 to 658, House Concurrent Resolution No. 124, and Standing Committee Report Nos. 604 to 610, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 604 Water, Land Use, Development, and Hawaiian Homes on
S.C.R. No. 95

The purpose of this Concurrent Resolution is to place emphasis on the preservation and protection of wildlife habitats.

This theme is particularly appropriate to Hawaii because Hawaii has more endangered species of wildlife than any other state in the union.

Your Committee feels that Hawaii's precious remaining wildlife species will be able to survive only if everyone makes a conscious effort to consider wildlife habitat as an essential part of land use planning. Your Committee has amended "1974" to read "1975".

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of S.C.R. No. 95, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 95, H.D. 1.

Signed by all members of the Committee except Representatives
Kihano, Lunasco, Morioka, Roehrig, Yap, Fong and Ikeda.