

SCRep. 324-76 Health on H.B. No. 2525-76

The purpose of this bill is to make an appropriation for a Statewide health conference to study all current deficiencies and limitations in present health services and to study recent developments and improvements in medical, hospital and preventive methods and measures.

Your Committee has amended this bill to provide an appropriation of \$10,000 for the conference and also to include consumer participation in the conference.

Your Committee on Health is in accord with the intent and purpose of H. B. No. 2525-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2525-76, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 325-76 Health on H.B. No. 2588-76

The purpose of this Bill is to provide the general public as well as medical personnel and facilities with expert, readily accessible information on toxic or otherwise potentially poisonous substances. Your Committee finds that the Poison Information Center shall provide education, compilation of statistics, "hot-line" services, consultation and other services as appropriate.

Your Committee has learned that usage of these services are increasing dramatically. This is due partially to increased public knowledge and awareness of the Center's services.

Accordingly, your Committee on Health has amended H.B. No. 2588-76 to appropriate \$90,000, or so much as may be necessary, to provide a grant-in-aid to Kauaikeolani Children's Hospital for funding the Poison Information Center.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2588-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2588-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 326-76 Health on H.B. No. 3140-76

The purpose of this bill is to provide for a study to determine the feasibility of Leeward Hospital to maintain necessary health services, including emergency medical services and outpatient health services.

At the present time, Leeward Hospital provides medical services to the Leeward areas of Aiea, Pearl Ridge, Pearl City, Waipahu, and also to the communities of the Ewa and Waianae Coast. As the population in the area has grown tremendously, the rate of Leeward Hospital should be reconsidered. Accordingly, a study to reassess its status and its ability to provide a wider range of health services would be in order.

Your Committee has amended this bill by appropriating the sum of \$20,000 for the purpose of conducting this study.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3140-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3140-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 327-76 Health on H.B. No. 2978-76

The purpose of this bill is to ensure health care for the Kalaupapa residents.

Your Committee heard testimony on this bill and finds that leprosy is historically one of the most dreaded diseases afflicting mankind and in the Hawaiian scenario has resulted in the setting aside of Kalawao Peninsula on Molokai as a leprosarium. In recent years, patients have also been housed at Hale Mohalu, Oahu as well as Kalawao (commonly referred to as Kalaupapa).

Your Committee has found that most leprosy patients treated at Kalaupapa have learned to love this land and its people.

Accordingly, this bill guarantees the residents of Kalaupapa that they shall be provided a level of health care and other services to which they are accustomed for the remainder of their lives. Your Committee has amended this bill to clarify "residents of Kalaupapa" as being "patient residents of Kalaupapa", and has further amended the bill to provide that the department of health shall determine at the earliest date possible, the mode of health services to be provided.

Your Committee agrees with the intent that any patient resident of Kalaupapa shall be permitted to remain at the settlement for as long as he may choose. Furthermore, this should be so regardless of whether a patient resident has been successfully treated.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2978-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2978-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 328-76      Water, Land Use, Development, and Hawaiian Homes  
on H.B. No. 2377-76

The purpose of this Act is to provide small commercial vessel owners with the same availability of financial assistance as is provided the large vessel owners for purchase, construction, renovation, maintenance and repairs.

The existing size requirements for registration and the two different registration agencies as provided for in this Act will provide a clear definition for differentiating between large and small fishing vessels. The size qualifications, along with the terms "large" and "small" which are incorporated into the programs title and purpose will eliminate over-lapping and provide clarity.

Also, the small fishing vessel owners will be provided with the identical financial assistance that is provided to large fishing vessel owners by expanding the Hawaii Commercial Fishing Vessel Maintenance and Repair Loan Program to include purchase, construction and renovation as qualifying for financial assistance.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2377-76, 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  
Inaba and Oda.

SCRep. 329-76      Water, Land Use, Development, and Hawaiian Homes and  
Environmental Protection on H.B. No. 2479-76

The purpose of this bill is to eliminate a dual jurisdiction at the county level within the shoreline area by designating the same body to be responsible for administering shoreline setback and shoreline protection regulations.

Your Committees find that a single county agency should be responsible for all shoreline actions to eliminate the necessity of a citizen having to obtain two separate clearances at the county level. In the City and County of Honolulu, for example, there is a possibility of conflicts between the City Council, the shoreline authority under Act 176-1975, and the Zoning Board of Appeals, the issuing authority for shoreline setback variances. This bill would allow the City and County of Honolulu to place the administration of these regulatory functions under the jurisdiction of the Council. Both of these functions are presently being exercised by the Planning Commissions of the other three counties.

Your Committees believe that it is not appropriate in Section 205-35 to refer to an Act which is by definition an interim measure and a program which may or may not legislatively address this subject matter. Therefore, your Committees have amended the bill on lines 15, 16, and 17 of page one. The wording, beginning with line 15 now reads as follows:

"county authorized to grant variances from zoning requirements [.] , or such body as the county council by ordinance shall designate."

This amendment will give the counties the flexibility they desire. Governmental bodies authorized to grant variances must remain because the Honolulu City Charter does establish a Zoning Board of Appeals. Variances in the three other counties are granted either by the Planning Commissions or the County Councils.

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. 2479-76 as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2479-76, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Inaba, Roehrig and Shito.

SCRep. 330-76      Water, Land Use, Development, and Hawaiian Homes and Environmental Protection on H.B. No. 2104-76

The purpose of this bill is to provide for a guardian ad litem for natural resources.

While the "legal fiction" involved represents a new application, our laws have recognized inanimate rights-holders for centuries. Trusts, corporations, joint ventures, municipalities and nation states are among the most important.

We forget that these presently accepted "legal fictions" once troubled jurists. In 1809, Chief Justice Marshall, in Bank of the United States v. Deveaux, characterized the corporate plaintiff as: "That invisible, intangible and artificial being, that mere legal entity." Ships have an independent jural life, and during prohibition cases were brought against quantities of alcohol.

The proposition embodied in this bill has received judicial endorsement by Justice Douglas in Sierra Club v. Morton, with the concurrence of Justices Blackmun and Brennan: "Contemporary public concern for protecting nature's ecological equilibrium should lead to the conferral of standing upon environmental objects to sue for their own preservation."

Damages, if any, would be used to "make whole" the injured resource or to mitigate the damage.

The determination of who shall be a guardian under what circumstances is handled by the court. The guardian will be required to post a bond if the court so orders.

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. 2104-76 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representatives Morioka, Fong, Hakoda and Kamalii.

SCRep. 331-76      Health and Water, Land Use, Development, and Hawaiian Homes on H.B. No. 2888-76

The purpose of this bill is to provide the statutory authority for establishing regulations and standards for safe drinking water.

Congress enacted the Safe Drinking Water Act (P.L. 93-523) in 1974, mandating the establishment of national primary drinking water regulations to provide to the maximum extent feasible public health protection of water consumers. The Act further provides the states an opportunity to assume primacy for enforcement of national drinking water regulations. Otherwise, the program will be administered by the U.S. Environmental Protection Agency. (EPA). This bill will provide the Department of Health with the necessary authority to implement the program and quality for primacy, pursuant to the requirements of the Federal Act.

Testimony presented by the Department of Health shows that there are approximately 154 separate water systems in the state, all in various stages of compliance with current

regulations. About 90 percent of the state's population is now being served water consistently meeting national primary drinking water standards. The remainder includes those being served water of substandard quality and those having their own household systems falling outside the purview of this bill.

The Department has been encouraging voluntary compliance with the previously applicable U.S. Public Health Service drinking water standards for lack of statutory authority to compel compliance. The present bill provides necessary enforcement authority. It also provides administrative flexibility for granting time for compliance to those water systems unable to comply immediately for compelling reasons, such as economics.

This bill also provides for the protection of underground water resources from contamination. Your Committees intend that contamination of critical underground water resources be prevented. The scope of authority allowed the Department is intended to be broad enough to regulate, by rule or by permit, such sources and injection wells, ponds, cesspools, septic tank drainage fields, sanitary land fills, and leakages from storage tanks for gasoline and other petroleum products. It is further intended that the Director of Health conduct necessary studies and consult the respective managers of the county water departments for guidance in promulgating regulations for underground injection control to protect present and future water resources. However, control by permit should clearly place the burden of proof on the person responsible for the source to show that his activity will not contaminate present and future drinking water sources.

Your Committees recognize that the small, privately operated systems may have difficulty in complying with the national primary drinking water regulations because of the unfavorable economy of scale, age of facilities, and low per capita income of the consumers. The federal Act also recognizes this difficulty and authorizes the states with primacy to grant a longer period for compliance to allow time to work out a satisfactory solution. Exemptions can be granted until January 1, 1983, provided that the system is part of an enforceable agreement to regionalize. Otherwise, exemptions may be granted until January 1, 1981.

Your Committees expect the Director of Health to encourage the regionalization of the small private systems. This approach appears to be the most cost-effective alternative for delivering safe drinking water to the small system consumers at the present time.

Your Committees also concur with the underlying principle of both the federal Act and this bill that uncertainties should be resolved by the Director of Health in favor of public health protection.

Your Committees have made technical and substantive amendments to clarify and strengthen the scope and extent of this bill. The substantive amendments are as set out below:

- (1) To clarify the scope and coverage of this bill, the word "or" on page 5, line 22 was deleted and the word "and" substituted. The paragraph, as amended, would read:
  - (A) Consists only of distribution and storage facilities (and which does not have any collection and treatment facilities);  
and . . .
- (2) To allow the Director of Health greater administrative flexibility in regulating cross-connection and backflow prevention control on page 6, line 10, the word "shall" was deleted and the word "may" substituted. The paragraph, as amended, would read:
  - (4) The Director may promulgate and enforce regulations relating to cross-connection and backflow prevention and control.

Your Committees, after considering the impact of this bill on the public water purveyors and the need to upgrade and, in some cases, to replace water systems, have provided the sum of \$20,000,000 to the Department of Health to carry out the purpose of this bill.

Your Committees on Health and Water, Land Use, Development, and Hawaiian Homes are in accord with the intent and purpose of H.B. No. 2888-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2888-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 332-76      Agriculture on H.B. No. 3255-76

The purpose of this bill is to establish a permanent site for the State Farm Fair on the grounds of Aloha Stadium and to establish a State Farm Fair Commission to consist of five members.

House Bill 3255-76 calls for a permanent state farm fair site on the grounds of the Aloha Stadium, and the establishment of a five member state farm fair commission. The duties of the commission include the general management, the establishing of policies and guidelines, prescribing and collecting fees and charges for a state farm fair management area.

After holding a public hearing and having discussions on the bill, your Committee finds that to establish a state farm fair commission at this time would be premature, and that a more appropriate procedure would be to first select a permanent farm fair site. Your Committee is aware of the need for such a commission after the selection of a permanent state farm fair site has been completed.

Your Committee has therefore amended this bill to delete all provisions relating to the state farm fair commission.

To provide greater flexibility, your Committee has further amended this bill to include, in addition to the Aloha Stadium, other possible permanent sites on Oahu for the state farm fair.

The bill originally called for the permanent state farm fair site to be at Aloha Stadium, with the chairperson of the Stadium Authority, in consultation with the state farm fair commission, to designate a portion of the Aloha Stadium facilities and grounds for the state farm fair. In view of your Committee's amendments relating to the state farm fair commission and possible other sites for the state farm fair, your Committee has further amended the bill to designate the director of the department of planning and economic development, in consultation with the Hawaii Farm Bureau Federation, to select a permanent site for the state farm fair which is to include but not be limited to a portion of the Aloha Stadium.

The Department of Planning and Economic Development is to be the expending agency for all funds relating to site selection, planning and engineering, in consultation with the Hawaii Farm Bureau Federation in the site selection and planning.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 3255-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3255-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 333-76      Agriculture on H.B. No. 3259-76

The purpose of this bill is to support the development of agriculture in the State.

In recognition of the importance of a healthy and growing agriculture industry to the State's overall economy, your Committee notes that agriculture's continued growth can only be assured if young people are encouraged to enter agricultural careers. Many of the State's farmers are now over 50 years of age, and therefore your Committee believes that a young farmer training program would help to encourage greater numbers of young people to take up farming as a career, thereby filling a gap which will be created by the retirement of many of the State's older, more experienced farmers.

Your Committee has amended the bill to provide a \$50,000 appropriation for a young farmer training program for individuals who are desirous of becoming farmers but lack sufficient knowledge and skill and to provide leadership development. The training program is to be directed by the University of Hawaii Cooperative Extension Service which will coordinate the program with the Department of Agriculture, the Department of Education, the Hawaii Community College, the Hawaii Farm Bureau Federation and the Hawaii Young Farmers Association.

Your Committee notes that the aforementioned agencies and organizations have already begun to develop an integrated training plan, and that further cooperative efforts seem assured. The training program will include both formal education training and opportunities for practical on-the-farm work experience.

Your Committee has also amended the purpose section of the bill to accurately reflect its intent.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 3259-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3259-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morioka.

SCRep. 334-76      Consumer Protection and Commerce on H.B. No. 2359-76

The purpose of this bill is to make the members of the Public Utilities Commission full-time employees of the State and to provide the Commission with its own staff.

Your Committee has determined that 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 to consumers. 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 recognizes the importance of efficient and effective regulation of public utilities as the utilities provide services which affect the welfare, health and safety of the citizens of the State. Regulation must provide consumers with quality services at reasonable rates. The recent management audit of the regulatory process conducted by the Legislative Auditor revealed many shortcomings in the present regulatory process. This bill will help to correct some of the deficiencies found by the Legislative Auditor by creating a full-time Public Utilities Commission with its own staff and separating the Commission and its functions from the Department of Regulatory Agencies.

Section 1 of the bill creates a full-time Public Utilities Commission of three members to be appointed by the Governor for six year terms. The first commissioners to be appointed will serve staggered terms of two, four, and six years to insure continuity of membership on the Commission.

Because of the complexities of the regulatory process, the bill sets forth general qualifications for the commissioners in that the Governor is directed to appoint persons with experience in accounting, business, engineering, finance, law, or other similar fields. The salary of the chairman of the Commission is set at that of a circuit court judge with the other commissioners receiving 95 per cent of the salary of the chairman.

As originally introduced, the bill provided for four year terms for the commissioners. Your Committee has amended the bill to provide for six year terms in the belief that the longer terms are desirable to attract qualified persons to serve on the Commission and to insure greater expertise and experience on the part of commissioners. Moreover, the six year term is consistent with the practice followed in thirty-four other states. In view of the six year terms set for commissioners, your Committee has further amended the bill to exempt the commissioners from the limitation contained in Section 26-34 of the Hawaii Revised Statutes limiting tenure on boards and commissions to two consecutive terms and not more than eight years. However, the amendment limits commissioners from serving more than twelve consecutive years.

Section 2 of the bill authorizes the chairman of the Public Utilities Commission to hire and define the duties of the Commission's staff. The chairman is also authorized to hire a chief administrator and an attorney, both of whom would be exempt from the civil service laws.

In the bill as originally considered by your Committee, all of the Commission's employees would be exempt from chapters 76 and 77. However, your Committee has determined that the staff, other than the chief administrator and the attorney should be covered

by the State civil service laws and the bill has been amended accordingly.

Under the present part-time Commission, each county of the State is represented on the Commission. Because of the impracticality of providing for such representation under a full-time Commission, your Committee was concerned that the counties of Kauai, Maui and Hawaii be assured of direct access to the Commission. To this end, your Committee has amended the bill to provide that the Commission employ assistant administrators to be stationed permanently in each of the counties of Kauai, Maui and Hawaii. The assistant administrators will be civil service employees and will be responsible for receiving complaints from consumers and meeting with the public utilities in the respective counties to attempt to resolve such complaints. They will report directly to the Commission and the chairman of the Commission may appoint them to carry out certain investigative functions for the Commission.

Your Committee has also amended the bill to remove an incongruity in the present law. Under Section 91-13, Hawaii Revised Statutes, an official who renders a decision in a contested case before an agency is forbidden to consult with any person on any issue of fact except upon notice and opportunity for all parties to be heard. This could be interpreted as preventing the Commission from consulting privately with its own staff in contested cases. The purpose of providing the Commission with its own staff would be defeated by such an interpretation and, therefore, your Committee has amended the bill to make clear that the Commission can consult privately with its staff on issues of fact in contested cases.

Section 3 of the bill repeals Section 269-4, Hawaii Revised Statutes, which is an obsolete section dealing with the employment of an inspector to deal with radio interferences.

Section 4 of the bill amends Section 269-5, Hawaii Revised Statutes, dealing with the annual report furnished to the Governor by the Commission, by requiring a more extensive and comprehensive report of all actions of the Public Utilities Commission. In addition, the Commission is required to establish and maintain a register of all its orders and decisions for public inspection.

Section 5 of the bill authorizes the Commission to appoint any of its members as a hearing officer to hear and decide all matters except rate proceedings and matters relating to tariffs. The findings and conclusions of the hearing officer must be approved by the full Commission after notice and an opportunity to be heard is given to all parties to the proceeding.

Section 6 of the bill amends Section 269-15, Hawaii Revised Statutes, to provide that the Commission may on its own motion institute proceedings before it to remedy any violations of Chapter 269 or any rule or requirement of the Commission. The Commission is also authorized to direct the director of the Department of Regulatory Agencies to appear in any such proceeding. The reason for the appearance of the director of the Department of Regulatory Agencies is that under the overhaul of the regulatory process proposed by this bill and H.B. No. 2375-76, the director is designated the consumer advocate to protect and advance the interests of consumers of utility services in hearings before the Public Utilities Commission.

Section 7 of the bill amends Section 26-9, Hawaii Revised Statutes, which deals with the functions of the Department of Regulatory Agencies, to conform with the provisions of this bill by deleting the reference in that section to the Public Utilities Commission as one of the boards and commissions placed within the Department of Regulatory Agencies for administrative purposes.

Section 8 of the bill places the Public Utilities Commission within the Department of Budget and Finance for administrative purposes. One of the recommendations of the Legislative Auditor in his report on the operations of the public utilities program of the State was that the Public Utilities Commission be taken out of the Department of Regulatory Agencies because the decision and policy making functions of the Commission are incompatible with the consumer advocacy function of the director of the Department of Regulatory Agencies. Your Commission is in agreement with this recommendation and, therefore, the bill removes the Commission from the Department of Regulatory Agencies. As originally drafted, the bill placed the Commission within the Department of Planning and Economic Development for administrative purposes. Your Committee believes that a more appropriate place for the Commission is the Department of Budget and Finance and the bill has been amended accordingly.

The bill has been further amended to delete the provisions in the bill as originally introduced which exempted the Commission from certain administrative supervision normally

exercised by the head of the department in which a board or commission is placed for administrative purposes. While your Committee recognizes that the provisions which have been deleted were intended to insure the independence of the Commission, it does not believe that administrative controls over the Commission by the Finance Director will interfere with such independence. The functions of the the Department of Budget and Finance have no direct relation to the functions of the Public Utilities Commission and removal of the Commission from the Department of Regulatory Agencies where the director may be in direct conflict with the Commission obviates the necessity for removing administrative controls over the Commission by the head of the department in which it is placed.

Section 9 of the bill is designed to provide for an orderly transition from the present Commission to the full-time Commission. The new Commission is authorized to appoint members of the present Commission as hearings officers to continue hearing applications that are filed before the effective date of the bill when enacted into law. Appropriate powers are granted to the members appointed as hearings officers and provision is made for compensation.

Section 10 of the bill appropriates \$417,042 for the operation of the Commission and its staff. In addition, the Director of the Department of Regulatory Agencies is directed to transfer \$94,305 of the sum appropriated to REG 103 by Act 195, Session Laws of Hawaii 1975 to the Department of Budget and Finance. This amount represents sums appropriated to the Department of Regulatory Agencies which were budgeted for use by the Public Utilities Commission. Because the Commission is being transferred to the Department of Budget and Finance, these moneys are being transferred to that department.

The bill has been amended to reflect an effective date of June 1, 1976 in order to give the affected departments lead time to prepare for the changes resulting from this bill and to allow the Governor time to consider appointments to the full-time Commission.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2359-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2359-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 335-76      Consumer Protection and Commerce on H.B. No. 2375-76

The purpose of this bill is to designate the Director of the Department of Regulatory Agencies as the consumer advocate in hearings before the Public Utilities Commission and to charge him with the responsibility for representing, protecting, and advancing the interest of consumers of utility services.

Under present law, the director of the Department of Regulatory Agencies is charged with the general responsibility of protecting the interests of consumers. However, as this duty relates to the proceedings of the Public Utilities Commission, the director, the Commission and the staff of the Public Utilities Division (PUD) of the Department of Regulatory Agencies are placed in awkward and conflicting positions. The Public Utilities Commission is placed in the Department of Regulatory Agencies for administrative purposes and the director provides staff support to the Commission with department employees, i.e., the PUD. The Commission has no staff directly under its control except for an attorney which it is authorized to employ. In his role as the consumer protector, the director relies on the PUD to advocate his position before the Commission while at the same time, the PUD is providing services to the Commission. This commingling of functions within one department has resulted in confusion as to the roles, functions and responsibilities of the Commission, the PUD and the director in public utilities regulation.

This bill, in conjunction with H.B. No. 2359-76 resolves this confusion by clearly defining the roles of the director of the Department of Regulatory Agencies and the Public Utilities Commission in the regulatory process. Under this bill the director is charged with the consumer advocacy function and provided with a staff to carry out this function and the Commission, under H.B. No. 2359-76, is separated from the Department of Regulatory Agencies and given its own staff. This is in accord with the recommendations of the Legislative Auditor contained in his report on the public utilities program of the State (Audit Report No. 75-3).

Your Committee is in agreement that the designation of a consumer advocate for public utility matters is highly desirable and that this approach will strengthen the regulatory process.

Upon consideration of this measure your Committee has made the following amendments:

1. Clarified the jurisdiction of the consumer advocate in relation to appearances before the Public Utilities Commission and other state or federal agencies to protect the interests of consumers of utility services.
2. Limited the right of the consumer advocate to obtain information from public utilities by giving the utilities the right to object to a demand for information by the consumer advocate and to have a hearing before the Public Utilities Commission as to the reasonableness of a demand for information.
3. Deleted the appropriation for the operation of the Public Utilities Division as the Department of Regulatory Agencies has incorporated the cost of the Division in its supplemental budget request.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2375-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2375-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 336-76 Health on H.B. No. 3132-76

The purpose of this bill is to enhance the radiation safety program of the Department of Health by providing for the purchase of necessary equipment and supplies.

Your Committee finds that specialized equipment required in the determination of radiation hazards detrimental to the safety of the public is in short supply. The funds appropriated will alleviate the situation.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3132-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 337-76 Health on H.B. No. 2653-76

The purpose of this bill is to make an appropriation for contractual services to provide private ambulance service for Molokai.

Your Committee has amended this bill to provide an appropriation of \$120,000 for the ambulance service.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2653-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2653-76, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 338-76 Health and Water, Land Use, Development, and Hawaiian Homes on H.B. No. 3015-76

The purpose of this bill is to provide for the conformance of the County of Maui's water system with P.L. 93-523, the Safe Drinking Water Act.

Your Committee has found that certain neighbor island county water systems do not comply with recently promulgated primary drinking water regulations. These regulations provide maximum public health protection as mandated by federal law.

Accordingly, your Committee has amended H.B. No. 3015-76 to appropriate \$12,900,000 for the purpose of this Act.

Your Committees on Health and Water, Land Use Development and Hawaiian Homes are in accord with the intent and purpose of H.B. No. 3015-76, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3015-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Evans.

SCRep. 339-76 Youth and Elderly Affairs on H.R. No. 14

The purpose of this resolution is to request the Legislative Reference Bureau to study boarding homes in Hawaii, particularly the extent of unlicensed homes and to investigate the impact of restricting funding to licensed homes. The resolution also calls for results of the study to be reported to the Legislature at least 20 days prior to the 1977 legislative session.

Your Committee recognizes the problems associated with unlicensed, private boarding homes. While mindful that most unlicensed boarding homes do provide their boarders with proper care, there is a need to insure that all of the Department of Social Services and Housing's clients will receive quality care. Although your Committee supports actions to prevent the department's clients from living in substandard conditions, it is also aware of the strict guidelines for states receiving federal funds under their income maintenance programs.

In order to prevent placing these federal funds in jeopardy and to more fully assess the impact of unlicensed homes on Hawaii's federal funds, your Committee recommends that the Legislative Reference Bureau conduct an indepth study to include, but not be limited to: (1) a review of the state's current practice of de-institutionalization of its aged, mental patients and other handicapped persons; (2) the extent of the problem of unlicensed, private boarding homes operating throughout the State; (3) documentation of abuses reported in these unlicensed facilities; (4) the impact of unlicensed homes on Hawaii's federal funding for income maintenance and the possibility of restricting such public funds to only those recipients who are residents in licensed adult family boarding homes; and (5) recommendations on how this problem may be resolved.

The Department of Social Services and Housing supports the idea of a study on boarding homes and has assured your Committee that it will fully cooperate with the Legislative Reference Bureau in its work.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.R. No. 14 and recommends that it be referred to the Committee on Legislative Management.

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

SCRep. 340-76 Energy and Transportation on H.B. No. 3284-76

The purpose of this Bill is to appropriate funds for the repair and resurfacing of all roads, public and non-public, under the jurisdiction of any county with a population of more than 100,000.

Your Committee finds that it is important that roads used extensively be maintained for the safety of the general public.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 3284-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Suwa, Takamura and Clarke.

SCRep. 341-76 Finance on H.B. No. 2831-76

The purpose of this bill is to exempt all real property of the Foreign-Trade Zone from real property taxation.

The Foreign-Trade Zones Act of 1934 was passed by Congress to encourage the

establishment of special commercial and industrial areas in or near ports of entry in the United States where foreign and domestic merchandise may be brought, processed and stored for transshipment without being subject to payment of United States Custom duties.

Under Chapter 212, Hawaii Revised Statutes, which authorizes the establishment of Foreign - Trade Zones in Hawaii, all transactions of merchandise and goods within a foreign trade zone in the State are exempt from the general excise, use, fuel, liquor, and tobacco taxes. The exemption from taxation was granted by the legislature in 1967.

Your Committee agrees that the general economic benefits afforded to the State by the Foreign-Trade Zone offsets the revenue loss there might be from the tax exemptions. The addition of the real property tax exemption is proposed with the intent of further stimulating and encouraging foreign trade zone activity that will benefit the State.

Your Committee has amended this bill by deleting the word "that" from the underscored language to correct a grammatical error.

Your Committee has further amended this bill by changing the effective date to July 1, 1976.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2831-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2831-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 342-76          Finance on H.B. No. 2846-76

The purpose of this bill is to amend the state income tax law to incorporate certain federal provisions of the Internal Revenue Code relating to retirement plans for the self-employed, individuals, and small business corporations.

This bill will conform the state income tax provisions with the Internal Revenue Code as to the deductions for contributions to retirement plans by self-employed persons (H.R. 10 plans), by shareholder-employees of Subchapter S corporations (tax-option corporations) and by individuals to individual retirement accounts (so-called IRA plans).

The addition of a new section to Chapter 235, HRS, is proposed with reference to selected portions of the 1974 Federal Pension Reform Act (Public Law 93-406), to accomplish the purpose of this bill.

Your Committee finds this proposal to be in line with the general legislative intent to conform the state income law with the Internal Revenue Code in order to simplify the filing of returns and minimize the taxpayer burden in complying with the state income tax law (Section 235-3, HRS).

Your Committee has revised this bill as follows:

1. Delete the reference "2005(c) (9)" on page 2, line 5. This reference is to the definition of adjusted gross income.
2. Change the effective date "taxable years beginning after December 31, 1975".

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2846-76; as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2846-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 343-76          Finance on H.B. No. 2407-76

The purpose of this bill is to 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.

There are certain academic programs offered at the University of Hawaii 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. For example, an individual who is training to become a vocational education teacher takes his professional education courses at the Manoa Campus and his technical skill courses at Honolulu Community College.

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. This bill 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.

Your Committee agrees with the findings expressed in House Standing Committee Report No. 71-76.

Your Committee has revised this bill to make a minor correction in spelling, changing "Universtity" to "University" on page 3, line 1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2407-76, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2407-76, H.D. 1.

Signed by all members of the Committee.

SCRep. 344-76          Finance on H.B. No. 2101-76

The purpose of this bill is to add a new section to the Hawaii Revised Statutes to permit the comptroller to issue warrants for original warrant vouchers, without accompanying original bills with regard to payments to providers of the Hawaii State Medicaid Program. The bill provides that the original bills shall be retained by the expending agency vouchering payment. For purposes of this section, the definition of original bills was expanded to include computer magnetic tape, computer listings, computer output microfilm, microfiche, and manually produced microfilm.

The intent of this bill is to speed up the payment process to providers under the Medicaid Program. The bill will permit acceptance of original bills by the expending agency in non-document forms. Health care providers with the capability of producing original bills in forms such as computer magnetic tape or microfilm would be able to submit these forms for processing and the need for generating paper documents to serve as original bills would be eliminated. The time element involved in claims processing would be substantially reduced.

Your Committee agrees with the findings expressed in House Standing Committee Report No. 58-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2101-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 345-76          Energy and Transportation on H.B. No. 2596-76

The purpose of this Bill is to amend and clarify the existing statutes regarding the maintenance of sidewalks by homeowners.

Presently the statutes governing the cleaning of sidewalks mandate property owners to maintain sidewalks abutting or adjoining their property.

Your Committee finds that in some situations homeowners are required to maintain sidewalks in the back of their homes as well as the front. This situation exists where a home is immediately located between two streets.

Your Committee further finds that in some of these situations, homeowners are forced to climb over tall fences or walk around street blocks to reach these sidewalks.

Your Committee received testimony from homeowners describing the hazards of the situation when these sidewalks front busy streets with a heavy flow of traffic. These homeowners are presently being billed by the city for the maintaining of these sidewalks or are being issued citations for failing to maintain such sidewalks.

The City and County of Honolulu was given due notice of the hearing but did not testify.

H.B. No. 2596-76 relieves the hardship and unfairness incurred by many homeowners by defining "frontage" and requiring the homeowner to maintain only the sidewalks that adjoin the frontage of his property. It is your Committee's intent that under no circumstances should the homeowners be required to maintain the sidewalk located in the back of their homes.

Your Committee has amended the Bill as follows:

- (1) Page 1, line 3 - Delete the word "After" and add "Notwithstanding any ordinance to the contrary after".

The purpose of this amendment is to mandate the counties to execute the provisions of this section.

- (2) Page 1, line 11 - Delete the period after property and add "provided, that the owner shall not be required to continuously maintain, and keep clean, passable, and free from weeds and noxious growths the whole of the sidewalks as may abut any side of the owner's premises and property toward which the rear of the building on the property faces."

- (3) Page 1, line 14 - Delete "back" and add instead "rear".

The purpose of amendments (2) and (3) is to adequately provide for the intent of the Bill.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2596-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2596-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 346-76      Energy and Transportation on H.B. No. 626

The purpose of this Act is to prevent the spilling of loads from vehicles on highways.

Your Committee finds that while there are county traffic codes and State laws regulating the security of cargo and the spilling of loads, vehicles with uncovered cargo are still being moved or driven on the highways posing potential traffic hazards and damage to other vehicles.

Your Committee also finds that a statewide comprehensive traffic code would address the problem more effectively.

Your Committee heard testimony from the Highway Safety Coordinator and the Honolulu Police Department favoring this concept and recommending that such amendment be made.

The Highway Safety Coordinator, in collaboration with the Honolulu Police Department, submitted to your Committee a redraft to that effect.

The draft prohibits vehicles from being driven on the highways with a load not entirely on its body unless the load is securely fastened.

It also prohibits vehicles from being moved on the highways with a load consisting of material susceptible of being blown or carried by the wind unless such load is covered to effectively prevent it from being blown from the vehicle.

According to the Honolulu Police Department, the dumpster garbage truck has had no problems in meeting this requirement because of its structure and design. Loads

on these trucks are automatically closed and opened with the raising and lowering of loading arms.

Your Committee finds it necessary to add "sand" and "dirt" to the list of "material susceptible of being blown or carried by the wind" provided in the redraft. Blowing of sand and dirt from vehicles remains a major problem.

Your Committee has amended this Bill as follows:

- (1) To combine county and state laws regarding security of cargo as recommended by the Highway Safety Coordinator and the Honolulu Police Department;
- (2) To exempt sand dropped for the purpose of securing traction, and water or other substance sprinkled on a highway in cleaning or maintaining the highway; and
- (3) To exempt vehicles carrying agricultural products during harvesting, provided that the owner shall provide for the reasonable removal of spillage on the highways.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 626, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 626, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 347-76      Energy and Transportation on H.B. No. 1275

The purpose of this Bill is to exempt school vehicles from county vehicular taxes.

Your Committee heard testimony from the Hawaii School Bus Contractors Association attesting to the need for a tax relief against the spiralling increases in expenses primarily as a direct result of the energy crisis. A tax relief in this area would ultimately be passed on to the consumer.

Your Committee finds that school buses make a significant contribution toward reducing the number of vehicles on the roads and highways during peak traffic hours.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. 1275 and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee except Representatives Suwa, Takamura and Clarke.

SCRep. 348-76      Labor and Public Employment on H.B. No. 2219-76

The purpose of this bill, as amended, is to exempt students and positions filled through federally funded programs which provide temporary public service employment such as the federal Comprehensive Employment and Training Act of 1973 from civil service status.

As presently worded, this bill would exempt students from civil service status. Your Committee has amended this bill to also exclude temporary public service employment positions such as the CETA positions from civil service status.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2219-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2219-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 349-76      Labor and Public Employment on H.B. No. 2812-76

The purpose of this bill is to exempt seasonal youth camp staff members in resident situations in youth camps from the minimum wage law.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2812-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 350-76      Legislative Management

Informing the House that House Resolution Nos. 366 to 373, House Concurrent Resolution No. 62, Standing Committee Report Nos. 341-76 to 349-76, and Standing Committee Report Nos. 351-76 to 357-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 351-76      Energy and Transportation on H.B. No. 2886-76

The purpose of this Bill is to appropriate the sum of \$50,000 to return to the general public the use of land and adjacent water which was licensed to the Waikiki Yacht Club.

Your Committee finds that on November 24, 1952, the Board of Harbor Commissioners of the Territory of Hawaii granted License No. 66 to the Waikiki Yacht Club for the use of portions of Ala Moana Park and adjacent waters. The agreement states that should the licensed area be needed for public improvements nothing herein shall prevent the Licensor (Department of Transportation) from condemning the equity of the Licensee, it being agreed that in such event, Licensor (Department of Transportation) shall pay to Licensee such sum as shall represent the depreciated replacement cost, at the time of condemnation.

Your Committee further finds that the demand for park space has greatly increased in the intervening twenty-five years and the people of the State of Hawaii will benefit from this acquisition.

Your Committee has amended the bill on Line 2 so that only a "portion of the" land and adjacent water which was licensed to the Waikiki Yacht Club is returned. Lines 6 and 7 have been amended to state that the portion of land to be returned is Lots 1 and 2 described in Exhibit "A" attached to License No. 66.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2886-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2886-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

SCRep. 352-76      Housing on H.B. No. 3290-76

The purpose of this bill is to have the State assume the payments on the principal of the bonds issued for use in the Act 105 housing program.

The financing mechanism of the Act 105 housing program is the Dwelling Unit Revolving Fund (DURF). Basically, allocations to the DURF from legislative authorizations of general obligation bonds are expended by the Hawaii Housing Authority to acquire, to produce, or to cause to be produced, housing units for its clients. The DURF resources are intended to be replenished primarily through the repayment of development loans or through the sale of housing units.

Presently the DURF is not a true revolving fund since the proceeds of the DURF must not only pay for the interest on its general obligation bonds, but the principal as well. According to the Act 105 Program Review submitted by the Governor's Housing Task Force in February, 1976, recent analysis of the DURF cash flow projections indicated that under existing conditions, the fund will never become self-sustaining. For fiscal year 1976-77 principal and interest payments from the DURF will amount to \$8.8 million. These repayment requirements will eventually drain all of the DURF over the course of the bond repayment period. Your Committee believes that by having the State assume the payments of the principal of the bonds, the DURF can become a true revolving fund

and thereby fulfill its purpose.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3290-76 and recommends that it pass Second Reading and referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 353-76      Water, Land Use, Development, and Hawaiian Homes on  
H.B. No. 2743-76

The purpose of this Act is to discourage persons from violating fish and game laws by increasing the penalty provisions of Chapters 187, 188, 190, 191, and 192, Hawaii Revised Statutes.

Your Committee feels that the primary purpose of fish and game laws is to provide for the protection of the State's fish and wildlife resources and their habitats and to regulate the consumptive and non-consumptive uses of these resources through such measures as open and closed seasons, bag limits, size and weight limits, license and/or permit requirements, closed and open areas, and establishment of sanctuaries and refuges. The penalties established under these laws are designed to serve as a deterrent to potential violators.

However, the penalties imposed by the courts under current laws are not severe enough to discourage persons from violating our fish and game laws. Your Committee feels the proposed amendments in this Act would rectify this situation by imposing mandatory fines of up to \$1,000 or imprisonment up to one year, or both.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2743-76, 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 Inaba and Oda.

SCRep. 354-76      Housing on H.B. No. 3209-76

The purpose of this bill is to review, analyze, evaluate and compile the housing laws of the State into a single comprehensive chapter relating to housing.

The Legislature of the State has committed itself to the responsibility of seeing that the housing needs of the State be adequately met. Consequently, numerous laws pertaining to housing have been enacted for this singular purpose. As is often the case, there comes a point whereby the more laws enacted, the more they duplicate and overlap and possibly conflict with existing laws and programs. While each piece of legislation is important on its own, there exists in each a singular purpose which may be most efficiently effectuated by a single chapter on housing projects.

Your Committee has amended the original form of this bill by indicating on page 2, line 21 that \$51,000 or so much thereof shall be appropriated to carry out the purposes of this Act.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3209-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3209-76, H.D. 1, and be referred to the Committee on Finance and Legislative Management.

Signed by all members of the Committee except Representative Larsen.

SCRep. 355-76      Tourism on H.B. No. 2039-76

The purpose of this Act is to have a comprehensive cost-benefit analysis of the tourist trade on the economy of Hawaii conducted.

Your Committee feels that a study of this type is essential before the State can seriously address itself to the issue of a tourist tax. Furthermore, the information which would be provided by such a study is important for the State's efforts in tourism marketing

and planning.

Based upon the testimony of the Department of Planning and Economic Development, a comprehensive study of this nature could be done "in-house" with the cooperation of the University of Hawaii. Your Committee encourages that it be done in this manner.

Your Committee also recommends that the Department of Planning and Economic Development pursue the possibility of formulating a computer program which would allow for on going studies. The Hawaii Visitors Bureau is encouraged to adapt their visitor questionnaires to providing information required in any on going studies.

On the basis of discussion with the Department of Planning and Economic Development, your Committee has amended Section 2 by inserting the amount of \$35,000.

The Department of Planning and Economic Development testifies that the report will take approximately nine months to complete. Because the funds for the study will not be released until the next fiscal year, your Committee has amended Section 4 to requiring the submission of a progress report, instead of the full report, twenty days prior to the 1977 session.

Your Committee on Tourism concurs with the intent of H.B. No. 2039-76 and recommends it pass Second Reading in the form attached hereto as H.B. No. 2039-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 356-76      Tourism on H.B. No. 2996-76

The purpose of this bill is to establish and fund a Big Island Tourism Task Force which will look into the particular problems facing the tourist industry on the island of Hawaii.

Your Committee finds such a task force necessary because the Big Island has not shared proportionately in the growth of tourism in this State. This is evidenced by generally lower room occupancy rates and a slower growth rate for the tourist industry as a whole. It is the purpose of the task force to identify causes and possible solutions to the problem.

Your Committee believes that a task force consisting of seven members does not allow for a proper cross-section of the groups and individuals which affect tourism on the island of Hawaii. It therefore recommends that Section 2 of H.B. 2996-76 be amended to allow for a seventeen member task force consisting of the individuals listed.

On the basis of discussions with the County of Hawaii, your Committee further recommends that Section 3 of H.B. 2996-76 be amended to include the sum of \$25,000.

Your Committee on Tourism concurs with the intent of H.B. No. 2996-76 and recommends it pass Second Reading in the form attached hereto as H.B. No. 2996-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 357-76      Consumer Protection and Commerce on H.C.R. No. 16

The purpose of this concurrent resolution is to request a thorough study and examination, by the Public Utilities Commission and the Director of Regulatory Agencies, of the fuel adjustment clause as a device for revising the rates for public utility energy services.

Your Committee is in agreement with the Legislative Auditor that there are many shortcomings concerning the fuel adjustment clause as a regulatory device. In substance, the fuel clause provides for increases or decreases in the charges for gas or electricity sold to the extent of increases or decreases in the wholesale price of fuel. The price of fuel is subject to sudden fluctuations and cannot be directly controlled. The Legislative Auditor's management audit revealed that this lack of control exercised over the fuel adjustment clause and in the administration of such clauses have resulted in serious inequities among utility customers and the apparent gross overcharging of utility customers in some cases.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.C.R. No. 16 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 358-76 Finance on H.B. No. 2239-76

The purpose of this bill is to remove the one half per cent advantage out-of-state bidders and vendors enjoy over local bidders and vendors. Presently local bidders or vendors are required to pay certain taxes which out-of-state bidders are not required to pay.

This bill proposes to amend Section 103-53.5, Hawaii Revised Statutes, by adding a 1/2 per cent use tax, in addition to the 4 per cent general excise tax, to the amount of out-of-state bids for the purpose of determining lowest bid.

Out-of-state bids are presently increased by 4 per cent in determining lowest bid when both local and other bidders are involved. The adding of 1/2 per cent will help local bidders and is fair and equitable since local retailers in actuality pay 4-1/2 per cent tax when doing business in the State (1/2 per cent when goods are purchased and 4 per cent when goods are sold).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2239-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 359-76 Finance on H.B. No. 2163-76

The purpose of this bill is to exempt the deputy district superintendent, assistant superintendent and the deputy superintendent positions from civil service status, to allow more flexibility in the staffing of administrative, professional and technical positions in the Department of Education.

This bill is proposed to resolve a problem which originated from the Legislative Auditor's report No. 73-1, Management Audit of the Department of Education. The report alleged that the Department is in violation of H.R.S. 76-16 (11) in that the Department has hired more than 20 non-certificated employees on the educational officer's salary schedule. The auditor recommended that the Department examine H.R.S. 76-16 (11) and prepare necessary amendatory legislation.

The Department of Education maintains that there are administrative, professional and technical manpower needs that cannot be entirely satisfied from within the teacher/school administrative ranks. Similarly, such manpower needs also cannot be met entirely by administrative, professional and technical personnel who have no school level experience and understanding. Under present law, the Department is restricted in the prudent exercise of its managerial responsibilities and this bill would remove the limitation so that the Department can hire according to its needs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2163-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 360-76 Finance on H.B. No. 2137-76

The purpose of this bill is to reduce some of the unnecessary duplication in the cost of advertising for competitive public bids and to cut the time delays necessitated by present statutory advertising requirements.

This bill will change the number of required bid advertisements from five to three. It is estimated that advertising for public bids costs approximately \$90,000 a year. The change proposed by this bill should result in an annual saving of about \$36,000.

Your Committee finds that some means of public notice is still desirable. The need to advertise for bidders is still met by the proposal to change the requirement from five to three ads. Your Committee suggests that a good policy for agencies to follow

is to advertise in a county newspaper, as well as in a newspaper of general statewide circulation, particularly for public contracts or public works in the respective county.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2137-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 361-76      Finance on H.B. No. 2247-76

The purpose of this bill is to exempt household employees at the official residence of the president of the University of Hawaii from civil service status.

Section 76-16, Hawaii Revised Statutes, recognizes that certain types of government employees should be exempt from civil service. This is usually the case when an employee or group of employees provides highly confidential and/or personalized services to a government official. As an example, secretaries to justices and judges as well as to department heads are exempt from civil service. Also exempt are household employees at Washington Place.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2247-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 362-76      Labor and Public Employment on H.B. No. 2930-76  
(Majority)

The purpose of this Act is to allow self-employed individuals to elect to provide worker's compensation for himself by obtaining coverage under the worker's compensation law. The Act allows the self-employed individual to discontinue such coverage under the law by filing notice of election to discontinue at least sixty days prior to the end of the calendar year.

Your Committee finds that passage of this Act will provide the self-employed small business person with worker's compensation benefits for himself which are not otherwise available.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2390-76 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. 363-76      Tourism on H.B. No. 3023-76

The purpose of this bill is to establish broad policy guidelines relating to tourism, as well as consolidate existing statutory references to tourism under a single chapter heading.

Your Committee finds that it is necessary to articulate in the laws the goals and objectives of this State as they relate to tourism. This bill reflects the commitment of your Committee to harmonize the roads of an expanding tourist industry with the desires of our residents.

Your Committee also consolidated the various statutory references to tourism under a single heading in order to promote clarity and continuity.

The following amendments were made to H.B. No. 3023-76 in the course of the Committee's deliberations:

(1) A new Section 2 was added to the bill. This new section repeals Section 201-27 of the Hawaii Revised Statutes. The repealed Section, entitled "Integration and Development of Tourist Industry" is integrated into Chapter 203 as Section 203-3.

(2) Under Section 3 of the bill Chapter 203 is repealed and a new Chapter 203 entitled

"State Policy on Tourism" is enacted. The contents of the former Chapter 203 are included in the new Chapter under Sections 203-4 and 203-5.

(3) In Section 203-1 Definitions the definition of tourist industry is dropped. In this section, as in the rest of the bill reference is made to "visitor industry". This is for the purpose of clarity. In this same section definitions of "Tourism promotional organization", and "Tourism coordinator or coordinator" are provided.

(4) In Section 203-2 Objectives and Policies the subsection on "Visitor Satisfaction (b)", reference to tourism education is dropped and incorporated into a new and more comprehensive subsection entitled "Education and Training (f)".

(5) In Section 203-2 Objectives and Policies, a new subsection entitled "Resident Requirements (e)" is added. This subsection emphasizes the reconciliation of tourist and resident needs.

(6) In Section 203-2 Objectives and Policies the subsection on "Economic Health of the Visitor Industry (g)" the words "when necessary" are added to Section 2 in order to clarify the language.

(7) In Section 203-2 Objectives and Policies the subsection on Organization for Tourism is deleted. This subsection proved ambiguous, and its intent is carried out in Section 203-4.

(8) In Section 203-4 Duties and Conditions, the words "and any other tourism promotional organization" is added so that the State has the flexibility of entering into contractual agreements with tourism promotional organizations other than with the Hawaii Visitors Bureau.

(9) In Section 203-5 Terms and conditions of the contract new language is added that states the tourism coordinator will contract with any tourism promotional organization in addition to the Hawaii Visitors Bureau.

(10) In having repealed the original Chapter 203, the former Section 203-7 entitled County Advisory Committees was not carried over into the new Chapter 203. This is because the Tourism Coordinator will have an Advisory Committee attached to his office which will serve the function of the County Advisory Committees. These County Advisory Committees have not proved particularly effective in the past, and it is felt that there is no real necessity in retaining them.

Your Committee on Tourism concurs with the intent and purpose of H.B. No. 3023-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3023-76, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 364-76      Legislative Management

Informing the House that House Resolution Nos. 374 to 392, House Concurrent Resolution Nos. 63 to 68, Standing Committee Report Nos. 358-76 to 392-76, and Standing Committee Report Nos. 394-76 to 403-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 365-76      Energy and Transportation and Environmental Protection  
on H.B. No. 2967-76

The purpose of this bill is to add a new section to Chapter 103 so that appropriations for the construction of public highways under the Department of Transportation shall include as a non-deductible item, an amount which shall not be less than one per cent of the appropriation, for the beautification of public highways.

Your Committees find that such funding will provide a positive approach to highway beautification. Federal aid funds are now appropriated for the beautification of Federal highways.

Your Committees believe that minor projects such as resurfacing, minor repair and other such projects of limited scope and/or funding should be exempt. Therefore,

H.B. No. 2967-76 has been amended to limit the bill's provisions to major highway projects on new alignments. Construction does not include land acquisition and design costs.

Your Committees on Energy and Transportation and Environmental Protection are in accord with the intent and purpose of H.B. No. 2967-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2967-76, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 366-76 Youth and Elderly Affairs on H.R. No. 231

The purpose of this resolution is to request the Department of Land and Natural Resources and the University of Hawaii to take the steps necessary to transfer the community gardening program from the former to the latter.

Your Committee heard testimony in support of this resolution from the Acting Dean of the College of Tropical Agriculture, as well as from community members participating in the program. Your Committee has also been informed by the Department of Land and Natural Resources of its willingness to transfer the program. What is now necessary is for the University and the Department to take the steps necessary to effectuate the transfer.

This resolution requests the formalization of the existing situation; for although the community gardening program was originally placed under the Department of Land and Natural Resources, this Department has had little to do with the program since its inception, while the College of Tropical Agriculture has been actively involved with the program, voluntarily providing substantial technical assistance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.R. 231 and recommends that it be referred to the Committee on Higher Education.

Signed by all members of the Committee except Representative Suwa.

SCRep. 367-76 Youth and Elderly Affairs on H.C.R. No. 36

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources and the University of Hawaii to take the steps necessary to transfer the community gardening program from the former to the latter.

Your Committee heard testimony in support of this concurrent resolution from the Acting Dean of the College of Tropical Agriculture, as well as from community members participating in the program. Your Committee has also been informed by the Department of Land and Natural Resources of its willingness to transfer the program. What is now necessary is for the University and the Department to take the steps necessary to effectuate the transfer.

This concurrent resolution requests the formalization of the existing situation; for although the community gardening program was originally placed under the Department of Land and Natural Resources, this Department has had little to do with the program since its inception, while the College of Tropical Agriculture has been actively involved with the program, voluntarily providing substantial technical assistance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.C.R. No. 36 and recommends that it be referred to the Committee on Higher Education.

Signed by all members of the Committee except Representative Suwa.

SCRep. 368-76 Labor and Public Employment and Higher Education on H.B. No. 3282-76

The purpose of this Act is: 1) to amend the Hawaii Revised Statutes to include the provision that the Board of Regents shall not prescribe tenure of permanent or continuous

service in the university for members of the faculty; and 2) to mandate that any existing tenure prescribed by the board shall terminate upon the effective date of this Act.

Your Committees on Labor and Public Employment and Higher Education recommend that H.B. No. 3282-76 pass Second Reading and be recommitted to the Committees on Labor and Public Employment and Higher Education.

Signed by all members of the Committees except Representatives Abercrombie, Evans, Naito, Fong, Kamalii and Sutton.

SCRep. 369-76 Higher Education on H.B. No. 3283-76

The purpose of this Act is to amend the Hawaii Revised Statutes to include a new section establishing that the faculty of the University, during the academic year, shall teach a minimum of twelve hours per week.

Your Committee on Higher Education recommends that H.B. No. 3283-76 pass Second Reading and be recommitted to the Committee on Higher Education.

SCRep. 370-76 Housing and Youth and Elderly Affairs on H.B. No. 3230-76

The purpose of this bill is to substantially amend Part III, Chapter 359, Hawaii Revised Statutes to expand and reiterate the responsibilities of the Hawaii Housing Authority in providing housing for elderly persons.

Testimonies presented before your Committees favored the concept of this bill and confirmed the need for further development and financing of housing for the elderly. A recent survey indicated that an estimated fifteen per cent or 6,300 of the elderly population in Hawaii are in need of better, less expensive housing. For these thousands of elderly, access to suitable housing arrangements remains a critical problem. According to testimony presented by the Hawaii Housing Authority, there are presently 1,400 elderly families on their waiting lists. Families on these said waiting lists have been known to wait as long as four or five years before finally gaining occupancy. Obviously, the Authority's programs, although widely circulated among the elderly, have not reached the universe of the aged population, per se.

One factor contributing to the shortage of elderly housing is that presently, the Authority maintains no special allocation for any particular segment of individuals within the group designated as low income. Once eligibility for a program has been established, only a list of priorities determines participation in the program. Consequently, there is no amount of funding within the programs set aside especially for the elderly, despite the fact that taken in the aggregate, the elderly demonstrate that they have different needs and preferences than that of the client group served by the Authority as a whole.

This bill would alleviate the above-mentioned conditions by authorizing the Authority to do any and all things necessary and desirable to acquire, construct, reconstruct, operate and maintain housing projects for the elderly. The primary thrust of this bill is to provide funds through a newly created elderly housing fund as well as other available funds of the Authority, and through the financial assistance from the Federal government. Further, this bill will provide an incentive for the counties and non-profit organizations to assume a far more active role in elderly housing development than they have up to now.

Your Committees, upon consideration of this bill, have made the following amendments:

1. page 1 - The Findings and purpose section has been amended to expand and elaborate on the findings, and to include the purpose of this part.
2. page 2, line 21 - The word "stores" has been deleted.
3. page 4 - The definition for "community facilities" has been deleted. Since it is utilized in only one other section, it need not be defined for use under this part. Its definition has, instead, been added to page 20, line 20.
4. page 7, subsection (e) has been deleted.
5. page 7, line 23 and page 8, lines 1 and 2 - The proviso "that housing projects developed or administered by the authority under this part shall not be subject to section

356-35" has been deleted.

6. page 8, lines 9 and 10 - The sentence "The authority shall exercise the power of eminent domain in the same manner as provided in chapter 101" has been deleted. The exercise of eminent domain power must be done in the manner provided in chapter 101, therefore there is no need to state that requirement here.

7. page 9, lines 3-5 - The phrase "and such petition shall be conclusive proof that the use to which the property is sought to be put is a superior public use to that to which it has already been appropriated" has been deleted.

8. page 9, lines 10-17 - This paragraph has been deleted.

9. page 12, lines 15-18 - The phrase "The political subdivision shall enter into a cooperation agreement with the authority (which agreement shall be specifically enforceable) whereby the political subdivision shall obligate itself" has been deleted.

10. page 12, line 21 - "real or personal property taxes or" has been deleted as the political subdivisions do not levy or impose taxes.

11. page 15, lines 8-10 have been deleted.

12. page 15 - The section entitled State development of elderly housing projects has been transferred to the section entitled Powers and duties, generally.

13. page 18, lines 11-14 - This sentence has been deleted, as restaurant, medical, nursing and hospital services would not come under the jurisdiction of the Authority. Dining room and health facilities shall, however, be provided by the Authority. This is incorporated by adding the words "dining room, health and" between the words "construction of" and "community facilities" on page 20, line 20.

14. page 18, subparagraph (4) has been deleted.

15. page 18 - A new subparagraph (4) has been added which reads as follows: "Notwithstanding that the elderly person has no written rental agreement or that it has expired, so long as the elderly person continues to tender the usual rent to the authority or proceeds to tender receipts for rent lawfully withheld, no action or proceeding to recover possession of the dwelling unit may be maintained against the elderly person, nor shall the authority otherwise cause the elderly person to quit the dwelling unit involuntarily, nor demand an increase in rent from the elderly person; nor decrease the services to which the elderly person has been entitled during hospitalization of the elderly person due to illness or other disability."

16. page 22, line 8 - "\$10,000,000" has been added after the word "exceed".

17. Other technical and grammatical corrections have been made without change in substance.

Your Committees on Housing and Youth/Elderly Affairs are in accord with the intent and purpose of H.B. No. 3230-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3230-76, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 371-76      Finance on H.B. No. 3299-76

The purpose of this bill, as amended, is to broaden the scope of the state disaster loan program.

This bill would authorize not only commercial loans but also personal loans for the rehabilitation of disaster victims. This bill would also raise the interest rate for loans from the present four per cent to five per cent.

Upon the Governor's determination pursuant to Section 209-2, Hawaii Revised Statutes, that a disaster has occurred affecting the entire State or a portion of the State, disaster commercial loans, are authorized to be made. The loans are to be used to rehabilitate the businesses of the disaster victims as nearly as possible to their pre-disaster level. The loans cannot be used to begin a business substantially different from the one the

disaster victim was engaged in before the disaster.

Under the proposed changes, personal loans up to \$5,000 may be made to meet necessary expenses or to satisfy serious needs of individuals and families which are an immediate and direct result of a disaster. As in the case of a commercial loan, the applicant must present a suitable program for meeting necessary expenses and satisfying serious needs of himself and his family.

The recent flooding in Waianae is an example in which the proposed personal loan program could be used to provide disaster relief and assistance.

Your Committee has amended this bill to incorporate the necessary language to amend the original draft of this bill to authorize the granting of personal loans under the state disaster relief and rehabilitation program.

The effective date is to be retroactive to January 1, 1976.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3299-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3299-76; H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 372-76      Finance on H.B. No. 2220-76

The purpose of this Bill is to increase the interest rate under the Hawaii Capital Loan Program.

The Hawaii Capital Loan Program, provides loans at reasonable rates to small business concerns that were unable to obtain financial assistance from other financial institutions at reasonable terms and to complement the assistance provided by the United States Small Business Administration.

The interest rate was set in 1963 to conform to the then current SBA rate of five and one-half per cent per annum and has not changed since then. However, the SBA has now increased its rate to six and five-eighths per cent per annum and your Committee feels a change in the interest rate for the Hawaii Capital Loan Program should be made. The seven and one-half per cent rate will also be more in line with current money rates.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2220-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 373-76      Finance on H.B. No. 2211-76

The purpose of this bill is to require that all purchasers or lessees of state land to pay or reimburse the State for all appraisal costs where independent appraisals are required by law or dictated by prudent management.

Under the present law, the State has been absorbing the cost of appraisals at reopenings and repurchases. The proposed amendment provides that the cost of appraisal by a disinterested appraiser of state lands is to be borne by the purchaser or lessee, except in the case of a third appraiser, where the board and the purchaser or lessee would share the costs equally. It is also proposed that where an independent appraisal is made, the board must adhere to that value; where the appraisal is made by an employee of the board, the board may set the sale or lease price at less than the appraisal. The employee of the board may only appraise lands for sale or lease at public auction.

This bill should result in substantial savings by the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2211-76 and recommends that it pass Third Reading.

SCRep. 374-76      Finance on H.B. No. 2949-76

The purpose of this bill is to raise the maximum interest rate payable on revenue bonds authorized by the Hawaii Housing Authority from six to eight per cent.

The present interest rates under these types of bonds are approximately 7-1/4 per cent and such an amendment would statutorily make these bonds marketable. The 1975 legislature provided for this same amendment but made it effective for only twelve months.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2949-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 375-76          Finance on H.B. No. 2230-76

The purpose of this bill is to increase the practicing psychologist examination fee from \$25 to \$35.

Your Committee is in agreement with the request of the department of regulatory agencies that the fee for the practicing psychologist examination be increased from \$25 to \$35.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2230-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 376-76          Finance on H.B. No. 2345-76

The purpose of this bill is to re-define the criteria governing employee entitlement to the annual 15 days military leave with pay.

Presently, any employee is entitled to military leave with pay, including those hired for short durations.

This bill would require a minimum appointment of six months before military leave with pay is granted to public officers and employees.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2345-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 377-76          Finance on H.B. No. 2212-76

The purpose of this bill is to provide that the Special Land and Development Fund may be used to pay all appraisal costs incurred by the Department of Land and Natural Resources in the management of state lands, and to increase the permitted annual expenditure for the maintenance of state lands from \$25,000 to \$100,000, and to extend the lands covered from "public lands" to "all" lands under the control and management of the department.

Subsection (2) of HRS Section 171-19 permits the Board to use the Special Land and Development Fund for the incidental maintenance of public lands and improvements thereto. Expenditure is limited to \$25,000 in any single fiscal year. The Board is responsible for the conservation lands, forest reserves, state park lands, lands set aside by Governor's executive orders, and Hawaiian Home Lands returned to the Department for control and management. This bill will allow the use of the Special Fund for incidental maintenance of all the state lands for which the Board is responsible.

Subsection (4) authorizes the Board, without further legislative action, to use the Special Land and Development Fund to pay reimbursable appraisal fees "upon collection of the fees" from purchasers and/or lessees of the lands appraised. The Board incurs numerous appraisal costs for which no reimbursement is received and which reimbursement is not required by law.

This bill would permit the Board to pay both reimbursable and non-reimbursable appraisal fees from the Special Fund and provide that the Special Fund would be reimbursed to the extent such fees are collected from purchasers or lessees of state lands.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2212-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 378-76 Finance on H.B. No. 2023-76

The purpose of this Bill is to adopt federal income tax provisions which allow for the deduction of household and dependent care expenses incurred for employment purposes.

Under present State income tax provisions, certain categories of taxpayers are granted limited income tax deductions for the care of a dependent child and also generally incapacitated dependents where these expenditures enable the taxpayer to be gainfully employed. The deduction is \$600 per year for one dependent not to exceed a total of \$900 for two or more, and is generally limited to a person whose combined family income does not exceed \$6,000.

There have been no changes in the present Hawaii Provision since it first went into effect in 1965. Since then, the cost of living in Hawaii has risen dramatically and now exceeds by at least 20 per cent the cost of living in any other state of the Union, with the exception of Alaska.

The federal government has seen fit to raise the ceiling from \$6,000 to \$18,000 in 1971, and from \$18,000 to \$35,000 in 1975, in order to keep pace with increased care costs and to provide benefits to low and middle income families. Tax experts in Hawaii have agreed that the change from \$18,000 to \$35,000 is justified, and this position is supported by the State Department of Taxation.

This bill proposes to allow any taxpayer who maintains a household for anyone under age 15 for whom the taxpayer can claim a dependency deduction or for a spouse or other dependent who is incapable of self-care to earn up to \$35,000 and still be eligible for full deduction. The deduction allows \$200 per month for one dependent, \$300 for two, and \$400 for three or more (maximum allowable \$4,800 per year). Expenses include household service expenses, child care expenses outside of the home, and similar expenses necessary to enable the taxpayer to be gainfully employed.

Your Committee finds this proposal to be in line with the general legislative intent to conform the state income law with the Internal Revenue Code in order to simplify the filing of returns and minimize the taxpayer burden in complying with the state income tax law (Section 235-3, HRS).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2023-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 379-76 Consumer Protection and Commerce on H.B. No. 3108-76

The purpose of this bill is to clarify the real estate commission's authority to promulgate rules and regulations to implement Chapter 514, Hawaii Revised Statutes, and to insure that supplemental rules and regulations adopted by the county councils do not conflict with Chapter 514 or with any rules and regulations promulgated by the real estate commission.

The real estate commission has been promulgating rules governing horizontal property regimes, but it has done so under the implied authority of sections 514-46, 514-48, and 514-50 of the Hawaii Revised Statutes. Your Committee feels that the commission should be explicitly authorized to promulgate such rules and therefore is in agreement with the provisions of H.B. No. 3108-76.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3108-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 380-76      Water, Land Use, Development, and Hawaiian Homes on  
H.B. No. 2210-76

The purpose of this Act is to qualify the State of Hawaii to participate in the benefits of P.L. 93-205 (Endangered Species Act of 1973) by amending Chapter 195 D, Hawaii Revised Statutes.

The 1975 Legislature enacted in Law (Act 65) Senate Bill 1665 providing statutory authority to the Department of Land and Natural Resources for the establishment of programs for the preservation and conservation of all of Hawaii's unique fauna and flora, particularly threatened and endangered species of plant and animal life and to provide for the full participation by the State of Hawaii in cooperative programs with the federal government as provided for in the Endangered Species Act of 1973. Entry into such an agreement would preclude federal pre-emption of Hawaii's authority to regulate the "taking" of resident threatened or endangered fish or wildlife and make Hawaii eligible to receive federal grant-in-aid funds up to two-thirds of approved program costs.

However, the Office of Endangered Species, U. S. Fish and Wildlife Service determined that Act 65 does not satisfy the provisions of the federal act and therefore Hawaii is not eligible to enter into a cooperative agreement with the federal government pursuant to the federal act.

The amendments proposed in this Act are primarily designed to correct the foregoing deficiency and thereby qualify Hawaii to participate in the benefits of the federal act. Also, the amendments eliminate redundancies and clarify ambiguous provisions.

Your Committee has included the following amendments, to read:

Page 2, line 1: the comma after "ecology" is underscored.

Page 3, line 19: words "by taking" is deleted, and "shall take" inserted.

Page 3, line 21: words "threatened species and" inserted after word "of".

Page 3, line 22: the period is deleted after the word "species" and the following inserted: or result in the destruction or modification of habitat of such species which is determined by the department to be critical to their survival.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2210-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2210-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 381-76      Water, Land Use, Development, and Hawaiian Homes  
on H.B. No. 1441

The purpose of this bill 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 bill 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.

The bill provides that "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."

Your Committee has amended the penalty provision by increasing the penalty from a misdemeanor to a class C felony.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1441, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1441, H.D. 2.

Signed by all members of the Committee.

SCRep. 382-76      Water, Land Use, Development, and Hawaiian Homes on  
H.B. No. 2828-76

The purpose of this Act is to impose an implementation date deadline on ordinances adopted by counties which require a subdivider, as a condition precedent to the approval of a subdivision to provide land in perpetuity or to dedicate land, together with facilities, for park and playground purposes, for the use of purchasers or occupants of lots or units in a subdivision.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2828-76, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 383-76      Water, Land Use, Development, and Hawaiian Homes and  
Environmental Protection on H.B. No. 2479-76

The purpose of this bill is to eliminate a dual jurisdiction at the county level within the shoreline area by designating the same body to be responsible for administering shoreline setback and shoreline protection regulations.

Your Committees find that a single county agency should be responsible for all shoreline actions to eliminate the necessity of a citizen having to obtain two separate clearances at the county level. In the City and County of Honolulu, for example, there is a possibility of conflicts between the City Council, the shoreline authority under Act 176-1975, and the Zoning Board of Appeals, the issuing authority for shoreline setback variances. This bill would allow the City and County of Honolulu to place the administration of these regulatory functions under the jurisdiction of the Council. Both of these functions are presently being exercised by the Planning Commissions of the other three counties.

Your Committees believe that it is not appropriate in Section 205-35 to refer to an Act which is by definition an interim measure and a program which may or may not legislatively address this subject matter. Therefore, your Committees have amended the bill on lines 14, 15, 16 and 17 of page one. The wording, beginning with line 14 now reads as follows:

"plans with its recommendations to the [governmental body of the county authorized to grant variances from zoning requirements.] county planning commission except in counties where the county planning commission is advisory only in which case to the county council or such body as the council shall by ordinance designate."

This amendment will give the counties the flexibility they desire. Governmental bodies authorized to grant variances must remain because the Honolulu City Charter does establish a Zoning Board of Appeals. Variances in the three other counties are granted either by the Planning Commissions or the County Councils.

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. 2479-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2479-76, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Cobb and Carroll.

SCRep. 384-76      Environmental Protection and Energy and Transportation on  
H.R. No. 132

The purpose of this Resolution is to put this honorable body on record as opposed to the landing of civilian supersonic transports in Hawaii.

Your Committees find that there is conflicting opinion regarding the severity of damage caused by the SST. Your Committees believe that the proponents of the SST have not yet demonstrated the need for Hawaii to assume this environmental burden or established any offsetting benefits.

Your Committees have amended the Resolution to:

1. Correct an error in the title of the Secretary of Transportation.
2. Extend our opposition from "Honolulu International Airport" to all airports in the State.
3. Include Hawaii's Congressional delegation as recipients of this Resolution.

Your Committees on Environmental Protection and Energy and Transportation concur with the intent and purpose of H.R. No. 132, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 132, H.D. 1.

Signed by all members of the Committees except Representatives Cobb, Carroll and Kamalii.

SCRep. 385-76      Consumer Protection and Commerce on H.B. No. 3158-76  
(Majority)

The purpose of this bill is to create a new class of liquor license, named a "Hotel" license, for the sale of liquor in a hotel for consumption on the premises.

Under the present law most hotels operate under a dispenser general license, with a few having a cabaret license. However, some aspects of normal hotel operations, such as room service, and self service at private parties or pools, differ from the activities of a normal dispenser.

Your Committee feels clarification of the definition of the licensed premise in regards to hotels would alleviate the present difficulties; and, to this end, a "hotel" class license should be established.

Your Committee has amended Section 4 of the bill by replacing the word "shall" with "may" in line 13 of page 8. The purpose of the amendment to the bill is to provide the various county liquor commissions with more flexibility in the use of the "Hotel" class liquor license within their jurisdictions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3158-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3158-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Roehrig did not concur.

SCRep. 386-76      Consumer Protection and Commerce on H.B. No. 3090-76 (Majority)

The purpose of this Act is to require that bathhouses and bathhouse operators be regulated by the Board of Massage.

Under present law the only regulation over the bathhouse business is an inspection of the premises by the Department of Health. Your Committee agrees that in order to insure the public of safe, sanitary, and healthy conditions, that sauna bathhouses and other bath establishments should be regulated in the same manner as massage parlors and salons.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3090-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3090-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

Representative Sutton did not concur.

SCRep. 387-76 Consumer Protection and Commerce on H.B. No. 3095-76

The purpose of this bill is to deter and safeguard the public as well as the industrial loan industry from unlawful acts such as embezzlement and the receiving of illegal compensation that may be willfully committed by officers, directors and employees of Hawaii's industrial loan companies.

Under present laws dealing with industrial loan companies there are no specific penalties for crimes dealing with embezzlement and receiving illegal compensation. Within the past five years there has been phenomenal growth within the industry and your Committee is in agreement that legislation is needed to deter unlawful acts such as embezzlement and the receiving of illegal compensation in order to safeguard the public as well as the industry.

The bill has been amended to correct the phrase "certificate of deposit" to "investment certificate" as industrial loan companies issue investment certificates rather than certificates of deposits.

In addition, the Committee feels that a \$1,000 fine for embezzlement and receiving illegal compensation is not commensurate with the gravity of the offense and, therefore, the bill has been amended to provide for a fine of \$10,000 for embezzlement and \$5,000 for receiving illegal compensation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3095-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3095-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 388-76 Consumer Protection and Commerce on H.B. No. 2891-76

The purpose of this bill is to authorize state agencies to serve notice of hearing of contested cases by registered mail or, under certain circumstances, by publication.

Under Section 91-9, Hawaii Revised Statutes, all parties in any contested case must be afforded an opportunity for hearing after reasonable notice. However, no standards are set as to what constitutes "reasonable notice". Because of this the different boards and commissions within the Department of Regulatory Agencies have established different means of giving notice to parties. This bill sets forth a standard as to what constitutes reasonable notice in order to assure due process.

Under this bill, parties must be given a written notice of hearing by registered or certified mail with return receipt requested at least fifteen days before the hearing. Further, if the party refuses to accept service or cannot be located, service by publication is authorized.

Your Committee has amended the bill to provide that if laws dealing with state agencies specifically provide for different methods of giving notice, such provisions will control. For example, chapter 269 of the Hawaii Revised Statutes dealing with the Public Utilities Commission specifically sets forth the procedure to be used in giving notice of hearings. Under the provisions of this bill as amended, the specific provisions of chapter 269 will be followed.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2891-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2891-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 389-76 Consumer Protection and Commerce on H.B. No. 2824-76

The purpose of this bill is to increase from \$10,000 to \$20,000 the maximum amount of insurance which may be written on the life of a debtor.

Under present law the amount of insurance on the life of a debtor is limited to the lesser of his indebtedness or \$10,000. The \$10,000 limit is no longer realistic for more substantial consumer loans such as financing a college education, a second mortgage, etc., and your Committee agrees that the \$10,000 limit should be increased to \$20,000 with the continued application of the indebtedness limitation. This change in the law will benefit both debtors and creditors as credit life insurance provides an additional safeguard for both.

Your Committee has amended the bill to correct a typographical error.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2824-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2824-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 390-76      Consumer Protection and Commerce on H.B. No. 2893-76

The purpose of this bill is to provide for a civil penalty which may be assessed against any developer of a condominium project who violates the provisions of Chapter 514, Hawaii Revised Statutes, or the rules of the Real Estate Commission promulgated pursuant thereto.

Under present law, the Real Estate Commission has the authority to investigate and enjoin violations of the condominium laws while the developer is in the process of selling units in a project. This works well as a deterrent to violations while units are being sold but does not adequately deter violations after all units have been sold. At that point, the only action available to the Commission to remedy violations is to file a complaint with the prosecutor's office and rely on that office to pursue the matter. This bill provides for a faster and more efficient method to remedy violations and thereby deter the same by allowing the Real Estate Commission, through the Attorney General, to collect a civil penalty for violations.

Your Committee has amended the bill in matters relating to style 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. 2893-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2893-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 391-76      Energy and Transportation on H.B. No. 2595-76

The purpose of this Act is to allow taxpayers to claim as a credit against their income tax liability a portion of the costs of purchasing and installing a solar energy heating system.

Your Committee heard favorable testimony from Lt. Governor Nelson Doi, the Energy Resources Coordinator, the Department of Taxation, and Pacific Resources, Inc.

Your Committee has amended the effective date to January 1, 1977 to provide time for the adoption of rules and regulations.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2595-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2595-76, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Cobb, Kondo and Larsen.

SCRep. 392-76      Water, Land Use, Development, and Hawaiian Homes and  
Agriculture on H.B. No. 3333-76 (Majority)

The purpose of this Act, as amended, is to assure effective coordination in responding to threatened communities by placing within the office of the governor the responsibility and authority to evaluate and approve requests for funding of programs designed to assist such economically depressed communities within the State and to monitor the programs so funded.

Your Committees feel there is a need for a statewide coordinating committee of task forces to be situated in the governor's office to formulate plans of action to alleviate such problems as unemployment, the replacement of displaced or relocated businesses, and to create or establish new businesses.

Your Committees on Water, Land Use, Development, and Hawaiian Homes, and Agriculture are in accord with the intent and purpose of H.B. No. 3333-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3333-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

Representatives Roehrig, Ikeda, Clarke and Larsen did not concur.

SCRep. 393-76      Legislative Management

Informing the House that House Resolution Nos. 386 to 392, House Concurrent Resolution Nos. 66 to 68, Standing Committee Report Nos. 371-76 to 403-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 394-76      Agriculture and Higher Education on H.B. No. 2740-76

The purpose of the bill is to appropriate an unspecified sum for the purchase of the land and improvements of the Pineapple Research Institute (PRI), Waipio, Oahu, for use as an experimental and research station by the College of Tropical Agriculture of the University of Hawaii.

Your Committees find that the Institute comprises approximately 143.3 acres of prime agricultural land near Mililani Town, research facilities consisting of offices, conference rooms, laboratories, greenhouses, equipment sheds, storage space, and a small fruit processing laboratory. The research facilities constitute about one-fourth of the total value.

Your Committees further find that agricultural areas at PRI have been in pineapple for 40 or more years of which the last 20 years have resulted in considerable historic information on climatic conditions, soil characteristics, fertilizer and pesticides applied. The historic information is of great value in implementing agricultural research programs. The lands are essentially level and totally usable for agricultural purposes.

Your Committees further find that retention of the PRI facilities and land for research purposes will give the State an opportunity to do research at an elevation and location obtainable nowhere else in the State. The higher elevation will provide a chance to look into crops other than pineapple and sugarcane which could be grown in the central plains of Oahu, Molokai, Maui, and Kauai, where land for diversified agriculture might become available in the near future. The larger experimental areas will permit research on larger plot sizes so that environmental effects can be more readily observed and related to actual field production. It also provides the opportunity to combine all systems into an integrated study of agricultural enterprise research for a large number of crops.

Your Committees have amended the bill by providing \$4,000,000 for the purchase of the land and improvements of the Pineapple Research Institute, Waipio, Oahu, for use as an experimental and research station by the College of Tropical Agriculture of the University of Hawaii.

Your Committees on Agriculture and Higher Education are in accord with the intent and purpose of H.B. No. 2740-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2740-76, H.D. 1, and be referred

to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 395-76      Water, Land Use, Development, and Hawaiian Homes on  
S.B. No. 1191 (Majority)

The purpose of this Act is to enable counties to enact improvement district ordinances providing for the making and financing of special benefits and improvements in the counties.

Your Committee has found it necessary to amend the Act because of its unconstitutionality in its present form. Your Committee has been advised that the Act would add to local law, which is prohibited in the constitution. The Act as amended, would affect the general law affecting all counties regarding improvement district ordinances.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1191, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1191, H.D. 1, and be referred to the Committee on Finance.

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

Representative Abercrombie did not concur.

SCRep. 396-76      Finance on H.B. No. 3099-76

The purpose of this bill is to provide better centralized management of intake service centers and better accountability of their operations.

At the present time the intake service center advisory board, created by Act 179, Session Laws of Hawaii, 1973, relating to the Implementation of the Hawaii Correctional Master Plan, has been meeting to establish procedures and policies and recommending candidates for the Oahu intake service center. This bill will clarify the duties and responsibilities of the board in the area of priority decision making and provide greater flexibility in submitting recommended candidates to the Governor for vacant board positions. The director of the Oahu intake service center will be the overall state executive director of all intake service centers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3099-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 397-76      Finance on H.B. No. 2698-76

The purpose of this bill is to amend certain sections of Chapter 291C, Hawaii Revised Statutes, relating to the Statewide Traffic Code, to provide in essence that violations of parking restrictions established under any law or ordinance shall constitute violations as provided by the Hawaii Penal Code and that such violations would be subject to fines, to be enforced and collected by the district courts, and which shall be deposited in the State general fund for State use. The bill would also prohibit the counties from imposing any other penalty or charge, criminal or civil, for such violations.

The counties presently lack statutory authorization to eliminate parking fines and to impose "parking charges" or "rentals" in derogation of the district court's power to impose fines for parking violations. Your Committee believes that any attempt to treat parking fines as county realizations is questionable and the status quo should be preserved.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2698-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 398-76 Finance on H.B. No. 2150-76

The purpose of this bill is to change the law relating to notaries public to conform the durational residence requirement and to raise bonding amounts and fees.

This bill deletes the durational residence requirement and lowers the age requirement to eighteen years. Fees charged are increased to cover rising administrative costs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2150-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 399-76 Finance on H.B. No. 3112-76

The purpose of this bill is to amend the state public assistance statutes, to conform with federal statutes and regulations, and to be consistent with the legislative intent of previous amendments to this chapter.

The specific amendments proposed in the bill are as follows:

a) Repeal of Section 346-28 Transportation:

Transportation allowance is no longer necessary as a special item. Pursuant to Act 145, SLH 1975, this allowance has been fairly averaged and fairly priced into the monthly standard allowance.

b) Section 346-29 Applications for public assistance; manner, form, conditions:

The bill amends the definition of "net income" with regard to the Department's determination of need, by providing that "net income" for all cases shall be such income as the Social Security Act or other federal acts may require. The proposed amendment would allow the State to conform to federal statutes and regulations on an on-going basis, as well as allow for uniform application of the federal definition of income for all public assistance cases.

The bill amends subsection (5) of section 346-29 by designating the responsibility for defining "liquid assets" to the Department.

c) Section 346-53 Determination of amount of assistance:

The bill amends subsection (c) of section 346-53 which deals with public assistance to children living in the homes of non-needy relatives and provides that the Department shall pay for shelter allowance on behalf of these children.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3112-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 400-76 Finance on H.B. No. 2438-76

The purpose of this bill is to appropriate funds from the general revenues of the State of Hawaii in the amount of \$265,810.79 to compensate persons pursuant to Chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Act.

During the year 1975, sixty-three (63) victims, thirty-three (33) doctors, twenty-seven (27) hospital cases, thirty (30) attorneys, and two (2) mortuaries were determined eligible to receive compensation under the Criminal Injuries Compensation Act.

Your Committee recommends that the sum of \$265,810.79 be appropriated from the general revenues of the State of Hawaii and be deposited into the Criminal Injuries Compensation Fund to be applied to making payments as authorized by the Criminal Injuries Compensation Commission.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2438-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 401-76 Finance on H.B. No. 2718-76

The purpose of this bill is to permit the Department of Hawaiian Home Lands maximum potential use of its funds authorized for planning, surveying, site preparation and development, and road improvements.

The present scope of authorization for a number of Department C.I.P. projects restricts the use of these funds to such an extent that the maximum use of these funds is not possible. For example, the consultants have indicated that the added cost for construction of an additional five lots at Kekaha is insignificant. The Department could prepare 30 lots for approximately the same price as the 25 lots currently authorized.

There is presently sufficient area at Kuhio Village, which has a waiting list of 135, to construct 56 (plus or minus) lots. One of the factors affecting the economics of the proposed housing package for the area is the amount of units to be built. More units will allow for a better house at a cheaper price.

The city and county of Honolulu has programmed the sewer trunkline to the Waianae Sewage Treatment Plant to be in the Nanakuli area by 1981. Should the Department proceed with road improvements without the sewer lines, it would necessitate coming back to install the sewer lines. The road improvements and the sewer lines should be done simultaneously.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2718-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 402-76 Finance on H.B. No. 2715-76

The purpose of this bill is to establish a special revolving fund for each correctional facility store for the purchasing of items to be resold to inmates.

The creation of a special revolving fund will eliminate the need to withdraw and subsequently reimburse general funds continually for purchase of items for resale from the correctional store receipts. It will encourage the stores to become self-sustaining.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2715-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 403-76 Finance on H.B. No. 2167-76

The purpose of this bill is to delete the salary ceiling for the sanitation and reclamation expert.

Your Committee agrees that the \$6,000 salary is unrealistic and archaic, and therefore, should be repealed.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2167-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 404-76 Finance on H.B. No. 2248-76

The purpose of this bill is to create a revolving fund for the centralized operation of duplicating and other reproduction services on the Manoa Campus on a self-supporting basis.

The high costs of duplicating and photocopying services at the University indicates a need for a centralized control, review and accounting system. The Central Duplicating Service is proposed to develop and apply the appropriate controls which would permit periodic review of utilization and costs and thus result in improved efficiency and economy.

Your Committee suggests that a limit be set on the staff that may be hired to implement

the purpose of this bill. Your Committee firmly believes that a ceiling of 12 positions for the Central Duplicating Service should be established.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2248-76, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 405-76 Finance on H.B. No. 2147-76

The purpose of this bill is to allow the Department of Agriculture to establish maximum interest rates chargeable by private lenders for loans insured by the Department consistent with lenders' going rate for similar loans.

The existing state farm loan program restricts the interest rate chargeable by private lenders to two per cent above the prime rate. Private lenders are unwilling to participate in the program when the maximum chargeable interest does not provide a reasonable return. Presently, due to the restrictive interest ceiling placed on private lenders, activity under the insured loan program is practically nonexistent.

Your Committee agrees with the findings expressed in House Standing Committee Report No. 144-76 that the change to the farm loan program as proposed in this bill should induce private lenders to make credit available to more farmers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2147-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 406-76 Finance on H.B. No. 2717-76

The purpose of this bill is to increase the ceiling on loans to lessees for the construction and repair of homes, to allow greater use of funds, to provide flexibility in interest rates, and to make minor clarifying amendments.

Broadening of the provisions of the Hawaiian Home Development Fund is imperative to achieve the purposes of the Hawaiian Homes Commission Act.

Increasing the limit on repair loans from \$5,000 to \$10,000 would encourage a substantial increase in the maintenance of homes thus increasing the longevity of the homes which would thereby decrease the increasing need for replacement homes.

A revolving Statewide Replacement Loan Fund is created (\$5,250,000) to provide the Department with the necessary tool to make the funds available. The establishment of a General Home Loan Fund is intended to be used for monies appropriated by the Legislature which are not specified for disbursement through any other fund. The changes relating to interest rates is intended to provide for consistency in application and in no way affects the Hawaiian Home Loan Fund and will be determined by the Department upon the borrower's ability to pay.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2717-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 407-76 Finance on H.B. No. 2312-76

The purpose of this bill is to appropriate funds for a major part of the Hawaii Correctional Master Plan, to complete the immediate construction of the facilities necessary for carrying out the plan.

This bill authorizes the appropriation of \$10,181,000 from the general obligation bond funds of the State of Hawaii to be expended for the planning and construction of the Intake Service Center/Community Correctional Center for Oahu, Hawaii, Kauai, Maui, and the Oahu High Security Facility.

Act 179, Session Laws of Hawaii 1973, was enacted to provide the legal basis for implement-

ing the Hawaii Correctional Plan.

The Plan envisioned a continuing process over several years which would involve (1) coordination, cooperation and integration in a systematic plan of all agencies affecting corrections; (2) use of community and institutional resources for the treatment of committed persons; (3) the introduction of new programs for treatment; (4) better information and evaluation resources in treating committed persons; and (5) the construction of new facilities and new equipment for accomplishing the purposes of the Plan.

A major element involving systems, programs, procedures, and facilities is the construction of community correctional centers and intake service centers for each of the counties and a high security correctional center to be located on Oahu. The Plan provided that the community correctional centers and the intake service centers may have an integrated operation. The community correctional center will provide residential care and custody for committed persons convicted of misdemeanor offenses and certain lesser felony offenses, and a wide range of counseling, evaluation, rehabilitation and adjustment programs. Intake service centers will provide initial processing, evaluation, and guidance services for volunteer referrals, and admitted persons, a monitoring of persons placed in correctional programs, and services and programs similar to those in community correctional centers. The High Security Facility on Oahu under the direction of the Department of Social Services and Housing will hold high custodial risk convicted felons or those awaiting trial and provide an extensive range of counseling, medical, adjustment, and training programs for them.

The Intake Service Centers/Community Correctional Centers for Oahu, Maui, Kauai, and Hawaii and the Oahu High Security Facility are planned for construction during 1976 and 1977, a matter of immediate importance in view of the inadequacy of the archaic correctional facilities now available, the escalating costs to construct the same facilities, if delays occur, and the necessity to coordinate the construction of facilities with implementation of many programs of the correctional master plan.

The estimated construction expenditure for the intake service centers for all the counties, except Honolulu and the Oahu High Security Facility, is \$7,923,000. The estimated cost of constructing and equipping the Oahu Intake Service Center and Community Correctional Center, less certain components to be constructed during fiscal year 1977-78 is estimated to be \$16,872,000. A total of \$24,795,000 is thus required. The total available funds amount to \$14,192,000 including from the State, \$1,092,466 appropriated by reason of Act 218, 1974 Session Laws, \$7,181,748 appropriated by reason of Act 195, 1975 Session Laws, and federal funds (LEAA) in the amount of \$4,417,786 during fiscal year 1974 and \$1,500,000 during fiscal year 1974. In addition, there is a request for use of the unexpended balance for the Adult Furlough Center authorized by Section 4, Act 68, SLH 1971, in the amount of \$422,000. The total amount additionally required for the planning and construction of the Intake Service Center/Community Correctional Center for Oahu, Hawaii, Kauai, Maui and the Oahu High Security Facility is \$10,181,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2312-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 408-76      Judiciary on H.B. No. 2284-76

The purpose of this Act is to define the commission of making a telephone call without purpose of legitimate communication or the making of anonymous, repeated communications at extremely inconvenient hours or in offensively coarse language a misdemeanor.

Your Committee is in agreement that the above-mentioned actions of harassment warrant the grade of a misdemeanor, rather than the current designation of petty misdemeanors. The intent of this Act is to convey the degree of seriousness which your Committee finds should be attached to these actions.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2284-76 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 Cayetano and Takamine.

SCRep. 409-76            Judiciary on H.B. No. 2068-76

The purpose of this Act is to amend certain sections and sub-sections of Chapter 286, Hawaii Revised Statutes, relating to the point system established for the evaluation of the operating records of all persons operating motor vehicles and for the determination of the continuing qualifications of such persons to operate motor vehicles.

Your Committee finds that approximately forty per cent of all traffic fatalities in the State of Hawaii involve drivers who are under the influence of alcohol. However, based on testimony presented by E. Alvey Wright, Highway Safety Coordinator of the State Department of Transportation, only eleven per cent of the total number of traffic accidents were attributed to drinking drivers, thus, underscoring the severe degree of involvement of drinking drivers in traffic fatalities.

In order to reflect the severity of the act of driving while under the influence of intoxicating liquor, your Committee recommends that the minimum and maximum points assigned to this category be increased from a range of four (4) to eight (8) points to a range of eight (8) to ten (10) points. Your Committee also recommends an amendment to this Act which would retain the present upper limit of points in the point system which may lead to license suspension and an amendment which retains the system of crediting favorable points to a driver's account if no violation has been charged during a two year period.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2068-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2068-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 410-76            Judiciary on H.B. No. 3239-76

The purpose of this Act is to define electric gun and set certain restrictions on its possession and use.

Your Committee is in agreement that the possession, sale, gift or delivery of this recently developed and publicized article should be restricted to certain persons only at this time.

Your Committee recommends that this Act be amended to permit a police officer to possess or use an electric gun during the performance of his duty as a police officer. Your Committee notes that the restriction of use or possession of an electric gun should not be equated with the use of an electric cattle prod device which may be used by a person during agricultural activities.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3239-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3239-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 411-76            Judiciary on H.B. No. 2131-76

The purpose of this Act is to allow property owners to have unattended vehicles towed away at the expense of the vehicle owner without a twenty-four hour waiting period and to set maximum charges for such towing procedures.

Your Committee is in agreement that there is a need for protecting the rights of property owners from the inconsiderate and occasionally intentional practices of those motor vehicle operators who park in unauthorized areas. In the case of private home or apartment dwellers such parking abuses deprive the dwellers of their parking or entry rights and in the case of the commercial property owner such abuses may cause potential financial and operational problems.

Your Committee recommends an amendment to this Act that unless otherwise provided

by ordinance, any vehicle left unattended for more than twenty-four hours on private property, in any county with a population of less than one hundred thousand persons, and for any amount of time in counties with a population of more than one hundred thousand persons, without authorization of the owner or occupant of the property, may be towed away at the expense of the owner of the vehicle, by order of the owner, occupant, or person in charge of the property.

Your Committee also recommends amendments which set forth the size and location of notices which shall state where the vehicle will be towed and held and set forth limits on towing and storage charges.

Your Committee is in agreement with the intent and purpose of H.B. No. 2131-76, amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2131-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Takamine.

SCRep. 412-76      Judiciary on H.B. No. 500 (Majority)

The purpose of this Act is to bar discrimination against a person based on sexual orientation.

Your Committee is in agreement that the sexual orientation of a person of the State of Hawaii should not be the basis of discrimination in the areas of suspension, demotion, or dismissal from a position in the civil service, hiring practices, compensation rendered, or real estate transactions. Your Committee concurs that discrimination which occurs solely on the grounds of sexual orientation of a person is contrary to the tenets of personal freedom within the State and that this Act may help an individual achieve his fullest potential as a citizen.

Your Committee is in agreement with the intent and purpose of H.B. No. 500 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 Takamine.

Representative Cobb did not concur.

SCRep. 413-76      Water, Land Use, Development, and Hawaiian Homes on  
H.B. No. 2165-76

The purpose of this Act is to enable the Department to designate areas for homesites.

The Department of Hawaiian Home Lands must preclude any interpretation of the act which would permit random selection of homesites. The Waimea Ranch lots, and the Hoolehua Farm lots reflect the flagrant interpretation resulting in exorbitant costs to the state for site development, water, roads and electrical access costs.

Your Committee suggests the following amendments, to read:

Page 2, line 10: delete "shall, in all instances," and insert "may".

Page 2, line 11: delete "the" after "on"; insert "s" to "lot"; delete "." and add "less than 10,000 square feet."

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2165-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2165-76, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 414-76      Water, Land Use, Development, and Hawaiian Homes on  
H.B. No. 2168-76

The purpose of this Act is to permit establishment of one land management system to assure regular accounting and collection; to provide for a system of supervision and collection in order to coordinate the unauthorized use of land; and to facilitate finalization of all land exchanges.

Creation of the new Administration for the Department of Hawaiian Homes Lands resulted in a position policy where available Hawaiian Home Lands not required for leasing for homesteading purposes would be wholly managed by the Department rather than by the Board of Land and Natural Resources. Subsequent to the foregoing and in concert with it, a land section was created by the hiring of a land manager whose responsibility is to provide prudent management of the available lands.

Presently under subsection 204(2), the Department may dispose of such lands by lease or license to the general public as provided in Chapter 171, Hawaii Revised Statutes. The foregoing places certain restraints, such as issuance of month-to-month tenancy, granting of easements, on the Department in the management and disposition of its available lands.

Your Committee suggests the following amendment to read:

Page 3, line 6, delete "17" and insert "171".

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2168-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2168-76, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 415-76      Water, Land Use, Development, and Hawaiian Homes  
on H.B. No. 2827-76

The purpose of this Act is to amend Section 46-6.5, Hawaii Revised Statutes, to require dedication of land for public access by right-of-way or easement, not only in instances involving subdivision of property, but also as a condition precedent to issuance of building permits for improvements on all lots larger than half an acre in size.

Your Committee feels this Act would substantially increase public access to the areas enumerated in the statute and would be of great benefit to the people of Hawaii.

Your Committee recommends the following amendments to read:

Page 1, line 13: a comma is inserted after "subdivider", and "or" is bracketed.

Page 2, line 11: "before January 1, 1977" is inserted and underscored.

Page 3, line 8: "1973" is bracketed, and "1975" is inserted and underscored.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2827-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2827-76 H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 416-76      Water, Land Use, Development, and Hawaiian Homes  
On H.B. No. 2015-76

The purpose of this Act is to mandate the Department of Land and Natural Resources to complete and maintain a current inventory of all State-owned lands suitable and available for residential development.

Your Committee feels this inventory would help facilitate future planning by providing all concerned parties with an accessible and comprehensive picture of all suitable and available land resources for residential development.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2015-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kihano, Roehrig and Uechi.

SCRep. 417-76 Consumer Protection and Commerce on H.B. No. 2700-76

The purpose of this bill is to provide for a medical malpractice insurance system which will: (1) stabilize the cost of medical malpractice insurance and insure the availability of such insurance at a reasonable cost; (2) decrease the costs of the recovery system for medical malpractice and improve the efficiency of its procedures; and (3) impose appropriate sanctions on errant health care providers.

The issue of medical malpractice insurance has been a cause for increasing concern over the past several years both locally and nationally. The legislature expressed its concern during the 1975 legislative session by enacting the Hawaii Medical Malpractice Underwriting Plan (Act 162, Session Laws of Hawaii 1975) to provide medical malpractice insurance to health care providers in the event that such insurance was not available to the majority of physicians and hospitals. At that time, it was recognized that the law was a stopgap measure and that a major overhaul of the medical malpractice insurance system was needed to insure continued availability of coverage at acceptable cost. This bill attempts to fill that need.

Upon consideration of this measure, your Committee made several changes to the bill. The bill, as amended, adds a new chapter to the Hawaii Revised Statutes entitled "Medical Torts". The chapter is divided into three parts which are subtitled and which generally provide as follows:

Part I. General Provisions.

1. Definitions. This section of the bill defines health care provider and medical tort.
2. Attorney's contingent fees. Attorney's contingent fees in medical tort cases are limited to  $33\frac{1}{3}$  per cent of any recovery if a claim is settled prior to the filing of a statement of readiness for trial. A statement of readiness for trial is a statement filed with a court some time after a case is initiated which indicates that the case is ready to go to trial. Contingent fees of up to 40 per cent of a recovery are allowed if recovery is made at any time after the statement of readiness is filed to the time judgment is rendered. No limitation is set on fees which may be charged for handling appeals.
3. Informed consent. An injured patient may recover damages for adverse consequences of medical and surgical procedures even where the procedures were performed carefully and in accordance with the best medical or surgical practices if the treating health care provider did not make a reasonable disclosure to the patient of risks accompanying any medical diagnosis and treatment. Even if the patient actually does consent to the particular procedure or operation, liability may be predicted on the basis that he was not made fully aware of the risks involved or the alternatives available. This section provides that in any action based on the rendering of services without informed consent, it shall be a defense to the action if the trier of fact finds that the health care provider complied with standards established by the board of medical examiners governing the information required to be given by the health care provider to the patient. Further, the board of medical examiners is directed to establish standards for the content and manner in which information is given and consent given.
4. Reporting and reviewing of medical tort claims. This section requires self-insured health care providers, insurers, attorneys representing claimants and health care providers to report information concerning medical tort claims to the Insurance Commissioner. This reporting will allow the Commissioner to assess the medical malpractice situation in the State.
5. Administration and penalties. The Insurance Commissioner is made responsible for the administration of the chapter and violations of the chapter are punishable by a fine of \$1,000 or imprisonment of not more than one year, or both. In addition, a violation by an insurer is grounds for suspension of its certificate of authority.

## Part II. Medical Claim Conciliation.

This part creates medical claim conciliation panels to review and render findings and advisory opinions on the issues of liability and damages in medical tort claims. The purpose of the panel is to encourage early settlement of claims and to weed out unmeritorious claims.

Each panel will consist of one chairperson, an attorney and a physician or surgeon. The chairperson is to be selected by the chief justice of the supreme court of the State of Hawaii and the other members of the panel will be selected by the chairperson from lists of attorneys and physicians compiled by the bar association and the board of medical examiners, respectively.

All claims of medical tort must be submitted to a medical claim conciliation panel before a suit can be instituted. The panel will hold informal hearings to determine the facts and may consult with experts in making its findings. Within fifteen days after the completion of a hearing, the panel will make a written decision deciding liability and the amount of damages, if any. If either party does not accept the findings of the panel, the claimant is free to institute legal proceedings in the appropriate court. No statements, decisions, findings or recommendations of the panel may be introduced or alluded to in any litigation commenced subsequent to the panel hearing.

The parties to a medical tort claim are required to cooperate with the medical claim conciliation panel and failure to cooperate can result in costs and attorneys fees being assessed against the uncooperative party if the claim goes to suit.

## Part III. Patients' Compensation Fund.

1. Establishment of fund. This section establishes a patients' compensation fund to be administered by the Insurance Commissioner. The fund will receive moneys from an annual surcharge established by the Commissioner on the premiums cost to each health care provider for medical malpractice insurance. In addition, a reasonable annual amount as determined by the Insurance Commissioner will be levied against every self-insured health care provider. It is your Committee's intention that the amounts assessed self-insureds are reasonable if the amounts assessed are comparable to the surcharges made on insured health care providers exposed to similar risks. If on January 31 of any year, the amount of money in the fund exceeds \$5,000,000, the Commissioner shall reduce or waive the surcharges in order to maintain the fund at an approximate level of \$5,000,000.

2. Payment of claims from the fund. The fund will pay an amount to a claimant for damages on account of a medical tort when and to the extent a final judgment, a binding arbitration award, or a court approved settlement of the medical tort or alleged tort is in excess of \$100,000, provided that the claim is against a health care provider who is a participant in the patients' compensation fund. In effect, an insurer's liability is limited to \$100,000, with any awards in excess of that amount being paid by the patients' compensation fund.

3. Loans by the State to the fund. Until the amount of money in the fund exceeds \$5,000,000, the Insurance Commissioner is authorized to request a loan from the State general fund to a maximum amount of \$1,500,000. Every such loan must be repaid within three years together with interest at a rate of interest one per cent higher than that paid by the State at its last sale of its general obligation bonds. In addition, in order that the State's financial plan is not adversely affected by any loan, the loan may be made only if the finance director finds that there are moneys in the general fund which are in excess of the amounts necessary for the immediate State requirements.

## Other Provisions.

1. Proof of financial responsibility. The licensing provisions for health care providers have been amended to require that licensees be covered by medical malpractice or prove financial responsibility substantially equivalent to that afforded under a medical malpractice insurance policy in amounts and forms determined and approved by the Insurance Commissioner.

2. The Board of Medical Examiners. The laws dealing with the Board of Medical Examiners and peer review committees have been amended to allow the Board and peer review committees to more effectively regulate the medical conduct of health care providers.

3. Availability of medical records. Accessibility to medical records has been improved by an amendment to the present laws which requires that copies of a patient's medical records be made available to a patient upon his request. It is your Committee's intention that this provision will enable patients to obtain their medical records at any time upon request.

4. Casualty insurers to write malpractice insurance. In order to remedy the present situation where only one insurance carrier is offering medical malpractice insurance, the bill contains a provision which requires that all insurers offering general casualty insurance and having a minimum amount of capital stock to be determined by the Insurance Commissioner, offer medical malpractice insurance.

5. Appropriation. The bill contains an appropriation of \$85,000 for the purpose of increasing the staff of the Board of Medical Examiners in order that the Board can fulfill its increased duties under the bill. In recommending this amount, your Committee notes that the bill also contains an increase in the licensing fees for physicians and that the fees received should equal the expenditures for the increased staffing for the Board.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2700-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2700-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 418-76      Finance on H.B. No. 2181-76

The purpose of this bill is to provide funds for the state law enforcement planning and juvenile delinquency agency to develop a master plan for the criminally insane.

At the present time there is a demonstrated need for rational and proper commitment treatment, and care of the criminally insane. This bill proposes that the state law enforcement planning and juvenile delinquency agency oversee the implementation of the master plan for the criminally insane and seek appropriate input from community agencies, both public and private, to carry out the study and development of the master plan.

\$25,000 is appropriated out of the general revenues for making the study and development of the master plan.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2181-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 419-76      Finance on H.B. No. 2895-76

The purpose of this bill is to provide funds immediately for the construction of interim Law School facilities at the University of Hawaii-Manoa in order to maintain accreditation by the American Bar Association.

The ABA mandated that the required facilities must be ready for occupancy by September 1976. In order to meet this deadline, the plans for the additional facilities have been started with prior appropriations. Construction funds are immediately needed if construction is to be completed by September. However, through the usual funding process, appropriations will not become available for construction until July 1, 1976. Therefore, the Governor is seeking funding through a special appropriation measure, as permitted by Article VI, Section 5, of the Constitution of the State of Hawaii.

The Committee on Finance is in accord with the intent and purpose of H.B. No. 2895-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 420-76      Finance on H.B. No. 2722-76

The purpose of this bill is to increase the compensation of substitute referees employed

by the Department of Labor and Industrial Relations from \$40 a day to a rate corresponding to Step G of the SR-26 salary range.

The department is regularly staffed with one full-time referee at a salary range of SR-26 and one senior referee whose salary range has yet to be established. Because of an increase in workload, six substitute referees have been appointed.

Since the duties of the full-time and substitute referees are identical, this salary adjustment would support the concept of equal pay for equal work and maintain the attractiveness of the position to qualified individuals.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2722-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 421-76      Finance on H.B. No. 2022-76

The purpose of this bill is to have the Commission on Aging or the Executive Office on Aging, as the case may be, establish state policy for senior centers. The policy shall include, but not be limited to, the establishment of long range and immediate goals and objectives, state standards for the operation and maintenance of senior centers, priorities for program implementation, delineation of state and county roles relative to the administration of centers, and the establishment of a monitoring mechanism.

Senior centers, the State Commission on Aging, the Kokua Council for Senior Citizens, the National Retired Teachers Association, the American Association of Retired Persons, the Advisory Council of the Department of Parks and Recreation of the City and County of Honolulu, and provide an important service for the elderly, enhancing the lives of those seniors who continue to live in the community. An established policy would allow for maximum effectiveness in administering Hawaii's senior centers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2022-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 422-76      Finance on H.B. No. 3102-76

The purpose of this bill is to increase the monthly contribution made to the health fund by all state and county agencies from \$2.57 to \$3.26 for each child who has not attained the age of nineteen of all employee-beneficiaries who are enrolled for dental benefits. An appropriation of \$243,400 for fiscal year 1976-77 is made for the purpose of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3102-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 423-76      Finance on H.B. No. 3106-76

The purpose of this bill is to exempt the position of Manpower Planning Administrator from the civil service. The Comprehensive Employment and Training Act (CETA) of 1973 necessitated the creation of an Office of Manpower Planning to administer CETA programs, and the office is assigned to the Department of Labor and Industrial Relations for administrative purposes. The functions of the office include the administration of manpower programs, and providing staff services to the State Manpower Services Council, Manpower Planning Councils on neighbor islands, and to the Hawaii State/County Consortium Board.

Exemption of this position from the civil service could provide the flexibility needed to establish a compensation rate for this position which would be equitable with other positions of comparable responsibility and stature in the service of the state government.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3106-76

and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 424-76 Finance on H.B. No. 3103-76

The purpose of this bill is to revise the statutes establishing classifications for teachers and educational officers.

The intent of this bill responds to the Legislative Auditor's management audit of the Department of Education and follows recommended guidelines for the development and implementation of a position classification plan for educational officers. The bill proposes to correct existing deficiencies in the present classification plans, and address the concerns enunciated by the report.

This bill will provide flexibility and uniformity in terms of classification as summarized in House Standing Committee Report No. 156-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3103-76, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 425-76 Finance on H.B. No. 2102-76

The purpose of this bill is to amend Chapter 103, Hawaii Revised Statutes, to establish a government preference for services performed and products manufactured by nonprofit corporations and public agencies operating rehabilitation facilities for physically or mentally handicapped persons.

Establishing a statewide government preference for the services and products of the handicapped will assist in providing greater opportunities for work training and employment to such persons. This bill proposes to establish a five per cent preference for services performed by the handicapped.

An additional 5 per cent preference is also proposed with regard to preference for Hawaii products manufactured by the handicapped.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2102-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 426-76 Finance on H.B. No. 942

The purpose of this bill is to provide an increase of 8 per cent to the regular bonus and to the special cost-of-living bonus for those who retired prior to July 1, 1965 only.

The pensioners bonus is a benefit to offset the rising cost of living and consists of two types: a regular bonus and a cost-of-living bonus.

The regular bonus is payable basically to those who have ten or more years of service, who retired prior to 1965 and who are not eligible for Social Security benefits. This bonus has been increased through the years each time active employees receive salary increases.

The special cost-of-living bonus was first paid in 1965 to those who retired prior to July 1, 1965 when the present liberal 2 per cent benefit retirement formula was adopted. This bonus has been increased through the years each time active employees receive salary increases.

Your Committee has amended this bill to increase the bonus effective July 1, 1976. An appropriation of \$409,000 is made by adding a new section to the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 942, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 942, H.D. 1.

Signed by all members of the Committee.

SCRep. 427-76 Health on H.B. No. 3105-76

The purpose of this bill is to establish specific retention periods for medical records and to provide for the proper and effective destruction of out-dated medical records, should the person or facility choose to do so.

Your Committee finds that one of the indicators of quality health care is the proper and timely documentation of health services provided and the reasons for providing these services. However, your Committee has found that a lack of specific authority of disposal of medical records has led to a critical storage problem of such records. This bill proposes to alleviate this problem by delineating the different aspects of medical record-keeping. Furthermore, methods and time frames involved in the retention or timely destruction of records are detailed:

Upon consideration of testimony presented before your Committee, H.B. No. 3105-76 has been amended to read as follows:

Page 2, line 8 (Section on Definitions)

Radiology film and reports;  
Autopsy reports;  
Discharge summary; and  
Professional interpretations of: laboratory determinations, bio-instrumentation tracings, and the like; provided that the samples, specimens, or tracings used as the basis for the interpretations need not be included.

Page 3, line 14 (Section on Successors)

"Successors. If the provider is succeeded by another entity whether by sale or merger, etc., the successor shall comply with this chapter. If the provider ceases medical activities without a successor, the provider shall devise a plan to retain records under this chapter and the Department of Health shall be informed of the provider's plan and shall approve such plan before its implementation."

Your Committee has further amended this bill by providing for the retention of medical records until a person reaches the age of majority and also allowing for the six-year period during which time a person may file suit for medical torts.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3105-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3105-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 428-76 Consumer Protection and Commerce on H.B. No. 2319-76

The purpose of this bill is to require the Public Utilities Commission to hold a public hearing prior to approval of installation of above ground high-voltage electric transmission lines in a residential area.

There is serious concern and interest on the part of the public whenever a high-voltage transmission line is installed as such installations have an impact on the environment of the area through which it passes. Your Committee strongly believes that a public hearing should be held prior to the approval of the installation in order that affected communities may express their concerns and recommendations.

Recently there has been considerable public interest expressed over plans to construct a new 138 kilovolt electric transmission system in Palolo Valley. This is an example of the type of project which would require a public hearing under this bill.

For purposes of clarity, your Committee has amended the bill to specify that high-voltage transmission lines are lines that transmit 46,000 or more volts.

As originally introduced, the bill amends the franchise of the public utility companies. Because the bill deals with the powers and duties of the Public Utilities Commission,

your Committee believes that the provisions of the bill belong in Chapter 269, Hawaii Revised Statutes, which deals with the Public Utilities Commission, and the bill has been amended accordingly.

The bill has been further amended to specify the manner in which notice of a hearing is to be given.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2319-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2319-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 429-76      Consumer Protection and Commerce on H.B. No. 3213-76

The purpose of this bill is to amend Section 416-142, Hawaii Revised Statutes, (The Professional Corporation Law), to permit persons licensed pursuant to Chapter 440 (Boxing Contests) to form professional corporations and to amend Chapter 440 to permit a corporation or partnership to be licensed to participate in boxing contests.

Your Committee has amended the bill to correct a typographical error by including the word "boxing" after the word "professional" in line 12, page 4 of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3213-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3213-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 430-76      Consumer Protection and Commerce on H.B. No. 2074-76

The purpose of this bill is to require that all health care insurance policies which provide maternity benefits include coverage of pregnancy complications.

Presently, health care insurance policies containing maternity benefits frequently provide a lump-sum payment for childbirth or specifically exclude coverage for claims resulting from complications of pregnancy. Either approach has the effect of treating every maternity situation as "normal" and ignores the fact that even with the best of care, complications do occur with relative frequency. Lack of insurance coverage for pregnancy complications can cause severe economic hardship and may cause some women to forgo needed care or tests because of financial considerations. Based on the foregoing, your Committee finds that the public health and welfare will be enhanced by requiring insurance coverage of pregnancy complications.

In considering this measure your Committee received testimony and information from many sources, including doctors and the Hawaii Medical Service Association. Some concern was expressed as to subsection (a) of the bill as introduced which states that pregnancy complication "includes, but is not limited to", certain specified conditions. Those expressing concern felt that the quoted phrase is too open ended and could result in excessive costs and, as a result, to increases in the premiums for health care insurance.

Although the goal of keeping the cost of health care insurance as low as possible is important, your Committee strongly feels that this objective must be balanced against the strong public interest in assuring the availability of adequate medical services to the citizens of the State.

Expert testimony before your Committee clearly established the need for early screening and treatment of high risk pregnancies. High risk pregnancies are those pregnancies complicated by maternal illness, previous poor obstetrical history or anatomical abnormalities of the pregnant patient. Medical procedures to screen and treat the patient and the fetus in such cases can be expensive and patients may not be able to afford such procedures.

In view of the foregoing, your Committee has amended the bill to delete the phrase "includes, but is not limited to" previously discussed and substituted therefor language which specifically includes tests for the unborn when medically necessary as a result

of complications as items which must be covered by health insurance policies which offer maternity benefits.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2074-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2074-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 431-76 Consumer Protection and Commerce on H.B. No. 3096-76

The purpose of this bill is to amend Hawaii's industrial loan law by providing industrial loan companies with the specific power to sell or broker loans or contracts, in whole or in part, to other lenders, and to charge or retain a fee for this service.

Currently, it is a normal practice for lenders that are exempt from the Mortgage Brokers and Solicitors Act (Chapter 454, Hawaii Revised Statutes) to broker or sell loans to others. However, industrial loan companies, all of which are exempt from the Mortgage Brokers and Solicitors Act, lack the specific authority to participate in this particular phase of the lending function.

Your Committee feels that industrial loan companies should be specifically authorized to engage in this lending function.

Upon consideration of this measure, your Committee has amended the bill by deleting Section 2 in its entirety. That section amended the definition of engaging in the business of an industrial loan company to include the brokering of loans. The amended definition would create the problem of dual licensing as other types of companies presently authorized to engage in the brokering of loans could then be considered as engaging in the industrial loan business. For example, mortgage brokers and solicitors presently authorized to broker loans and licensed under Chapter 454 may be required to also register as industrial loan companies. Such a result was not intended by this bill and the purpose of the bill is achieved by Section 1 which specifically authorizes industrial loan companies to sell or broker loans.

In place of the provisions in Section 2 which were deleted, your Committee has added a provision which prohibits an industrial loan company from selling any loan to another person or company unless that person or company has the right to charge interest at the same rates and in the same amounts as permitted by law to industrial loan companies. Without this provision the industrial loan law could be circumvented in that unlicensed companies could purchase loans from industrial loan companies and, in effect, operate as industrial loan companies without the necessity of obtaining a license.

Your Committee has made other minor amendments to the bill to correct typographical errors and for clarity which have no substantive effect on the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3096-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3096-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 432-76 Consumer Protection and Commerce on H.B. No. 2892-76

The purpose of this bill is to clarify the language of Section 449-5.5, Hawaii Revised Statutes, relating to the net capital of a licensed escrow depository and Section 449-13, Hawaii Revised Statutes, relating to cancellation of bonds and insurance.

The present provisions of Section 449-5.5, Hawaii Revised Statutes, raises a question as to whether there is a difference between the capital requirements applicable to escrow depositories in operation on May 24, 1973 and those applicable to escrow depositories licensed after May 24, 1973. This is because the statute uses the words "capital stock", when referring to corporations licensed after May 24, 1973 and the words "paid-in capital" and "net paid-in capital" when referring to corporations licensed before May 24, 1973. This bill amends the section so that the words, "net capital", are used throughout.

The bill also amends Section 449-5.5 to clarify the requirements of the amount of net capital or bond needed to satisfy the requirements of the section by specifying that a combination of net capital and a bond which totals \$50,000 is allowed.

Section 2 of this bill will amend Section 449-13, Hawaii Revised Statutes, relating to cancellation of bonds and insurance by deleting the reference to specific sections of the statute and substituting the words, "this chapter". This amendment will insure that all written cancellation notices are furnished the bank examiner.

Your Committee has made clarifying amendments to the bill which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2892-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2892-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 433-76 Youth and Elderly Affairs on H.R. No. 331

The purpose of this resolution is to request the Office of the Legislative Auditor to conduct a review of the Department of Social Services and Housing's compensation schedule for living and care arrangements for elderly and disabled adults and make recommendations on revisions to or the elimination of the point system.

Your Committee seeks a thorough study and comparison evaluation of all possible schemes of compensation, including but not limited to those utilized by other states. The goal of such a review is that the Legislature be presented with a number of alternatives from which to choose, together with the necessary critical data on which to base such a selection.

Your Committee has amended this resolution by adding to the sixth whereas clause, which states:

"WHEREAS, before the existing point system is revised and the rates adjusted, it is important that the system be reviewed",

the words "with all due consideration to the differences that exist in the degree and extent of care services within these facilities".

The first be it resolved clause has been amended to include among possible acceptable recommendations by the Office of the Legislative Auditor the elimination of the existing point system.

Your Committee has further amended this resolution by adding a new be it resolved clause including within the scope of the requested review a study on the feasibility of establishing a separate one-level, one-rate system for licensed boarding homes, and a separate one-level, one-rate system for licensed care homes.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 331, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 331, H.D. 1.

Signed by all members of the Committee.

SCRep. 434-76 Youth and Elderly Affairs and Public Assistance and Human Services on H.R. No. 305

The purpose of this resolution is to request the Office of the Legislative Auditor to conduct an audit of the Department's provision of all direct and indirect children's services and to make recommendations based upon its audit.

Your Committees were pleased to receive testimony from the Department of Social Services and Housing supporting this measure and indicating that it had already begun to cooperate with the requested audit by identifying a number of areas which need to be adjusted.

Your Committees on Youth and Elderly Affairs and Public Assistance and Human Services concur with the intent and purpose of H.R. No. 305 and recommend that it be referred to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 435-76 Youth and Elderly Affairs and Public Assistance and Human Services on H.C.R. No. 50

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to conduct an audit of the Department's provision of all direct and indirect children's services and to make recommendations based upon its audit.

Your Committees were pleased to receive testimony from the Department of Social Services and Housing supporting this measure and indicating that it had already begun to cooperate with the requested audit by identifying a number of areas which need to be adjusted.

Your Committees on Youth and Elderly Affairs and Public Assistance and Human Services concur with the intent and purpose of H.C.R. No. 50 and recommend that it be referred to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 436-76 Youth and Elderly Affairs and Housing on H.R. No. 294

The purpose of this resolution is to request the Office of the Legislative Reference Bureau to conduct a study on the feasibility of establishing a Hawaii State Veterans Home.

Your Committees are appreciative of the contributions made by Hawaii's veterans and wish to express their appreciation by taking the first step necessary to provide a veterans' home for these men and women.

Your Committees on Youth and Elderly Affairs and Housing concur with the intent and purpose of H.R. No. 294 and recommend that it be referred to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 437-76 Culture and the Arts on H.B. No. 2496-76

The purpose of this bill is to appropriate funds to the Bishop Museum as a grant-in-aid to help meet its current financial needs.

Your Committee has found that the Bishop Museum is an educational and culturally enriching institution which should be commended. However, the Museum has fallen behind the ever-changing financial pace and as such, finds it difficult to generate the funds necessary for its continuance. The Museum was reorganized in 1975 as a charitable corporation, keeping in line with other museums across the nation. This move however, has not been satisfactory, financially. Testimony by Mr. Roland W. Force, Executive Director of Bishop Museum indicates that the institution is currently \$75,000 in debt in meeting current expenses.

The educational, scientific and cultural benefits of the Museum accruing to the state are varied and very worthwhile and should be continued. And while Your Committee recognizes the Museum's need for funds, certain questions must be answered. Although it was shown that on the average, most of the museums receiving government funds nationally were funded around 20% of their total annual budgets, no set allocation plan has been drafted for the Bishop Museum, nor has it been necessarily agreed that funding will continue in the future. Your Committee believes that such a plan could be worked out eventually, but likewise must take into account the recognized current needs of the Museum. Therefore, so as not to restrict the Museum or the state in any possible future appropriations measures, the words "for operating expenses" has been deleted from lines 3 and 4, and a period (.) added immediately following the word "Museum".

Additionally, Your Committee finds that in these times of fiscal austerity, prudence

is necessarily called for. Keeping this in mind, the amount of \$500,000 is amended on line 2 to become \$100,000. Your Committee also finds that as the Bishop Museum is an entity benefiting the entire state with its activities, the funds appropriated should come from statewide capital improvement project funds.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2496-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2496-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Oda, Fong and Sutton.

SCRep. 438-76            Culture and the Arts on H.R. No. 332

The purpose of this resolution is to request the Department of Land and Natural Resources to conduct a joint national and state parks comprehensive historical research study, a joint archeological surface survey, and a biological survey of the Kalawao Peninsula and adjacent valleys. This study-survey is to serve as an inventory of this area's value and to evaluate its present conditions and its justification for preservation.

Your Committee finds that while numerous sites on Kalawao Peninsula have been noted, the amount of archeological information is insufficient. This makes it difficult to identify and preserve sites of archeological value. Therefore, a comprehensive study of the local history of the settlement and an archeological site survey are essential pre-requisites to any meaningful evaluation of the potentials for establishing Kalaupapa as either a national or state park.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.R. No. 332 and recommends that it be referred to the Committee on Water, Land Use, Development, and Hawaiian Homes.

Signed by all members of the Committee except Representatives Oda, Fong and Sutton.

SCRep. 439-76            Finance on H.B. No. 2563-76

The purpose of this bill is to reimburse those Panaewa Farm and Houselot Subdivision lessees who paid for off-site improvement and development costs, as such payments are inconsistent with other Panaewa lessees whose rental fees do not reflect such assessments.

Four lessees were assessed slightly over \$4,000 each for off-site improvements by the Department of Land and Natural Resources. Records show, however, that the \$505 to \$825 per lot price range paid by most Panaewa Farm and Houselot Subdivision lessees did not include this \$4,000 off-site improvement charge. Your Committee believes that this inequity should be remedied.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2563-76, 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. 440-76            Environmental Protection and Water, Land Use, Development,  
and Hawaiian Homes on H.B. No. 2880-76

The purpose of this bill is to amend Chapter 344-4 of the Hawaii Revised Statutes to provide guidelines relating to solid waste.

Your Committees find that this bill will add a new policy statement to Section 344-4, HRS, encouraging the recycling, reuse, and recovery of solid waste. It will endorse more active participation by governmental agencies, the public, and the private sectors and will guide the development and implementation of solid waste programs and activities.

Your Committees on Environmental Protection and Water, Land Use, Development, and

Hawaiian Homes are in accord with the intent and purpose of H.B. No. 2880-76 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 441-76      Legislative Management

Informing the House that House Resolution Nos. 393 to 400, House Concurrent Resolution No. 69, Standing Committee Report Nos. 404-76 to 440-76, and Standing Committee Report Nos. 442-76 to 445-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 442-76      Youth and Elderly Affairs on H.B. No. 2989-76

The provisions of this Act are based on the suggested regulations of the United States Department of Health, Education and Welfare in its publication "Youth Camp Safety and Health Suggested State Statutes and Regulations," Public Health Service Publication (no. CDC 75-8300) April, 1975. To date, seven states have passed legislation based upon these regulations.

Your Committee heard testimony from the Hawaii District of the American Camping Association, the Kokokahi YWCA and the Hawaii Congress of the Parent Teachers Association strongly urging passage of this Act. After considering this testimony, your Committee is convinced that it is not safe to assume that minimum standards of health and safety are being met by all camps in the state. Although Hawaii has been more fortunate than other jurisdictions in that there have been no headline episodes regarding injuries or deaths to young campers caused by unsafe or unsanitary camping conditions, the increasing popularity of organized camping in the state requires that minimum standards for youth camp safety and health be enacted for purposes of preventing such occurrences.

In addition to changes made for purposes of increased clarity and improved grammar, your Committee has made substantive amendments, as follows:

- 1) Pursuant to testimony submitted by the Department of Health and others, the appropriate regulating and licensing agency has been determined to be the Department of Social Services and Housing rather than the Department of Health. This has been done with the understanding that it is the Department's usual practice in such cases to delegate such tasks as inspection to other agencies where appropriate.
- 2) Section -4(2) providing that in order to be licensed, the youth camp operator was to provide proof that the camp had "adequate and competent staff, suitable to the ages and numbers of campers, including a camp director, activities specialist, counselors and maintenance personnel" has been deleted. It is your Committee's opinion that specific requirements are more appropriately left to the discretion of the regulating agency. It was further suggested that these particular requirements might prove too financially burdensome to camp operators.
- 3) Paragraph (4) has been amended to require the camp to maintain medical data in addition to the other records required.
- 4) Additional language has been included in paragraph (5), page 5, as follows: "the Department of Social Services and Housing shall inspect or cause to be inspected the facilities to be operated by an applicant for an original license within 30 days of application before the license shall be granted, and shall annually thereafter inspect or cause to be inspected the facilities of all licensees. The department must respond within 30 days of the application with approval of license or rejection of the application with a written explanation of the reasons for such rejection."
- 5) Section -9, page 7, has been amended to provide that the rules adopted by the director of the Department of Social Services and Housing shall be consistent with the Department of Health, Education and Welfare's publication no. 758300.

- 6) Section -9, paragraph (14) providing that regulations shall be promulgated regarding "other matters the director deems necessary or desirable to effectuate the intent of this chapter" has been deleted in order to limit regulation to the areas enumerated in Section 9.
- 7) Section -13, Advisory Council on Youth Camp Safety has been amended by adding the word "private," so as to provide that two of the six members of the council shall be representative of private nonprofit youth camps operated in Hawaii.
- 8) Section -14, Noninterference. A new provision has been added in the interest of religious tolerance as follows: "Nothing in this chapter or the rules adopted thereunder shall be deemed to authorize or require medical treatment for those who object thereto on religious grounds, nor shall examination or immunization of such persons be construed to be authorized or required except during an epidemic or threat of an epidemic of a communicable disease."

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2989-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2989-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 443-76      Judiciary on H.B. No. 2473-76

The purpose of this Act is to provide for the registration of motor vehicles in the various counties of Hawaii on a staggered basis, if a county elects to do so, and to authorize the Director of Finance of the county to promulgate rules and regulations to carry out the purpose of the Act.

Your Committee is in agreement that the creation of motor vehicle registration on a staggered basis would alleviate the problems incurred by the present system of motor vehicle registration at one fixed time each year.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2473-76 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2473-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 444-76      Judiciary on H.B. No. 2182-76

The purpose of this Act is to amend certain portions of Section 704-411, Hawaii Revised Statutes, which relate to the legal effect of acquittal of a defendant on the ground of physical or mental disease, disorder, or defect excluding responsibility and further commitment, conditional release, discharge, or procedure for separate post-acquittal hearing.

Your Committee is in agreement that there is a need for general supervision of the court or other appropriate agency for defendants acquitted on the ground of physical or mental disease, disorder, or defect excluding responsibility. In addition, your Committee finds that it is fitting that at the time of a post-acquittal hearing, the court shall appoint qualified persons to examine the defendant and report on his physical and mental condition.

Your Committee recommends that this Act be amended to have medical evidence given at the time of trial or a separate hearing be one of the basis of the report of the court for further custody or treatment and that the court shall continue to order a separate post-acquittal hearing for the purpose of taking evidence on the issue of risk of danger which the defendant presents as set forth under the present law. Also, your Committee has amended this Act to provide for two additional unbiased persons to examine the defendant in addition to the court-appointed state-employed physician or certified clinical psychologist. The purpose of this amendment is to broaden the field of specializations from which the appointed persons examining the defendant may be from.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2182-76, H.D. 1, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 445-76            Judiciary on H.B. No. 2786-76 (Majority)

The purpose of this Act is to establish a means whereby a court in its discretion may defer acceptance of a guilty ("DAG") plea for a certain period on certain conditions with respect to certain defendants.

This would give the defendant the opportunity to keep his record free of criminal conviction, if he can comply with those terms and conditions during the period designated by court order. It is in the best interest of the State that in certain criminal cases, particularly those involving first time, accidental, or situational offenders, the offender not be burdened with the stigma of having a criminal record for the rest of his life.

After much discussion, your Committee decided that the court, for purposes of DAG pleas, should be able to defer further proceedings without prosecutorial consent. The prosecution, however, may submit recommendations to the court relating to the plea before the court rules on the motion. Your Committee feels that the requirement that the prosecutor consent to the motion would place the subject matter within the area of plea bargaining and would thereby circumvent the purpose and intent of DAG plea legislation. Thus, under H.B. No. 2786-76, H.D. 1, prosecutorial consent in motions for a DAG plea will not be required.

Your Committee also feels that allowing expungement from all official records, all recordation relating to the defendant's arrest and proceedings before the court only on the condition that the defendant is not over twenty-two years old does not have a rational basis. Thus, under H.B. No. 2786-76, H.D. 1, your Committee has eliminated that condition precedent.

As far as records of DAG pleas are concerned, your Committee felt that the records should be preserved at the police department of the county where the offense occurred, in the case of misdemeanors, and at the office of the Attorney General in the case of felonies. Your Committee felt that those departments would be the most logical and convenient place to preserve the records. This directive is enunciated in H.B. No. 2786-76, H.D. 1, and relieves the Chief Justice of the Supreme Court of the burden of designating such central record-keeping place as he is directed to do under H.B. No. 2786-76.

It was the feeling of your Committee that the court should not allow the defendant to withdraw his plea of guilty when offered under this chapter as a matter of course, but only to prevent manifest injustice. Thus, the section pertaining to that area, was kept in H.B. No. 2786-76, H.D. 1. Your Committee felt that if a DAG plea was allowed to be withdrawn, then almost everyone would submit a DAG plea to the court. This would simply overburden the court.

The Act was further revised by stating that a DAG plea motion together with an affidavit under oath must be filed within ninety days of the date of arraignment.

This Act was further revised by requiring that besides the filing of a motion, in conjunction with a written plea of guilty, there must also be included an affidavit under oath signed by the defendant stating that the defendant is not disqualified from filing the motion; further, that all of the above must be filed within ninety days of the date of arraignment. The latter provision, in effect, mandates that a DAG plea can be considered only before the trial. This precludes post trial DAG pleas.

There were strong feelings on both sides of the issue as to whether DAG pleas should be allowed only before trial or both before and after. Your Committee decided that it would be fair and equitable to limit the filing of such motion to ninety days after arraignment. This would allow for sufficient time for pretrial motions.

Your Committee recognizes that Section 1255 of the Hawaii Penal Code allows DAG pleas relating to certain drug offenses to be considered after trial. Your Committee feels that drug offenses relating to Section 1243, 1245, 1246, 1248, 1249 and 1250 of the Code essentially constitute victimless crimes.

The offenses for which DAG pleas would be allowed under H.B. No. 2786-76, H.D. 1, are those offenses which are essentially violent in character and in which victims are involved. Your Committee feels that for those offenses, limiting the filing of such motions to ninety days after arraignment (which would preclude post-trial consideration of DAG pleas for those offenses) is fair, for the defendant will have had enough time to weigh the various factors involved before entering his plea.

Your Committee is in agreement that the implementation of a DAG plea system is a reasonable classification based on the rationales given to and discussed by your Committee.

It is also the consensus of your Committee, that if any provision of this Act, or the application thereof to any person or circumstances be held invalid, the invalidity should not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act be severable.

Your Committee is in accord with the intent and purpose of H.B. No. 2786-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2786-76, 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. 446-76      Housing on H.B. No. 3011-76

The purpose of this bill is to establish within the Office of the Governor a Council for Housing and Construction Industry whose basic function would be to survey, analyze and investigate the complexities of the housing situation in Hawaii - present and future. The Council shall be composed of 24 members from the State and County governments; the private sector, including labor unions and professional organizations, and the community-at-large; and shall serve in an advisory capacity to the Governor and his Special Assistant for Housing.

While the need for housing is one of the more primary and basic needs of the citizens of this State, the ever-increasing cost of construction, inflationary valuation of housing, and increased time-consuming government processing and design requirements, and continuing, but necessary, public appeal to environment protection measures, coupled with a discouragingly less proportionate increase in the consumer's personal income, are all contributing factors to the increased breach in affordability. It is your Committee's belief that the establishment of a Council of Housing and Construction Industry will bring together various levels of expertise in order to provide a channel of communication which could effectively coordinate, study and seek to resolve the many problems involved in providing housing to the citizens of our State. All of the numerous testimonies presented before your Committee also favored the establishment of such a Council.

Upon consideration of this bill, your Committee has made the following amendments:

1. page 5, lines 1-4 - There have been deleted the following sentences: "The salary for the executive director shall be \$\_\_\_\_\_ per annum. The council may hire employees necessary to perform its duties subject to chapters 76 and 77."
2. page 5, line 5 - This sentence has been amended to read: "The council shall serve in an advisory capacity to the governor and his special assistant for housing and shall: "

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3011-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3011-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 447-76      Housing on H.B. No. 3138-76

The purpose of this bill is to make available to renters, dwelling units developed and constructed under the provisions of Chapter 359G, Hawaii Revised Statutes, should such units be unsold or unleased within one year.

Your Committee believes that there would be at least two beneficial effects of this bill: (1) Revenues would be generated from units that are rented; and (2) it would provide housing for numerous qualified residents in need of dwelling accommodations.

Upon consideration of this bill, your Committee has made the following amendments:

1. page 1, line 15 and page 2, line 1 - There has been added after the word "year" the words "after issuance of certificate of occupancy".
2. page 2, line 2 - The word "yearly" has been changed to "month-to-month".
3. page 2, line 3 - There has been added after the word "leased" the following: "provided that if the dwelling units are part of a horizontal property regime, any provision of the declaration, by-laws, or other documents relating to the condominium project which are inconsistent with this section shall not apply."
4. page 2, line 3 - The phrase "and at a rental as shall be determined by the authority" has been deleted and the following inserted: "Rent shall be based on a monthly rate as shall be determined by the authority. Notice to vacate the unit shall be given to the renter upon sale or lease of the dwelling unit, and said renter shall vacate the unit within 28 days after receipt of notice."

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3138-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3138-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 448-76 Finance on H.B. No. 3052-76

The purpose of this bill is to increase the fees to be paid to witnesses, other than a public official or employee, required to attend upon a court or a grand jury in any criminal case.

Your Committee is in agreement with the proposal to increase witness fees to \$10 and per diem expenses for persons attending trials on islands other than their residence to \$15 for each day's attendance or \$30 per diem for overnight stay.

\$176,855 is appropriated for the purposes of this bill.

The effective date is July 1, 1976.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3052-76, 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. 449-76 Finance on H.B. No. 2809-76

The purpose of this bill is to encourage the formation within the State of Small Business Investment Companies under the federal Small Business Investment Act of 1958.

Small Business Investment Companies (SBICs) are privately owned and operated companies which are licensed by the Small Business Administration (SBA) to provide equity or venture capital and long-term loans to small firms. Often these companies provide management assistance to the companies which they help to finance.

In order to improve the economy and in particular, to encourage the formation and growth of small businesses, Congress in 1958, enacted the Small Business Investment Act to stimulate and supplement the flow of private equity capital and long-term loan funds needed by small businesses.

According to House Standing Committee Report No. 131-76, there are more than 350 SBICs licensed and operating in the country with total assets exceeding \$750 million and outstanding investments in small businesses exceeding half a billion dollars. However, Hawaii presently has only two SBICs and one of these was licensed in 1975.

This bill will encourage SBICs by recognizing them as financial institutions by:

1. Exempting SBICs from the usury laws;
2. Exempting SBICs from the general excise tax and income tax and instead subjecting SBICs to the franchise tax paid by financial institutions.

Your Committee has made a few amendments to clarify the intent and purpose of this bill and to correct references as follows:

1. On page 3, line 1, the reference "789" is changed to "689".
2. On pages 8 and 9, the subsection (15) is revised by deleting existing provisions on (15) substituting the language in the new subsection (17) therefor. The new provisions, the tax department has indicated, makes the provisions to be deleted unnecessary.
3. The effective date is clarified. All provisions apply to taxable years beginning December 31, 1975.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2809-76, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2809-76, H.D. 1.

Signed by all members of the Committee.

SCRep. 450-76      Finance on H.B. No. 2910-76

The purpose of this bill is to mandate the Hawaii Housing Authority to provide funds for a share of the principal amount of an interim construction loan made to a private developer by a private lender.

The principal amount to be loaned by the Authority, under the provisions of this bill, is not to exceed an amount equal to the actual cost of the housing project multiplied by a fraction - the numerator being the number of dwelling units to be placed under the control of, or to be sold by or to the Authority, and the denominator being the total number of dwelling units in the housing project. The Authority shall enter into a loan participation agreement with a private lender for these purposes.

This bill further provides that not less than ten per cent of the units shall be sold in price ranges established by the Authority. Your Committee has noted the belief expressed in House Standing Committee Report No. 113-76, that the current percentage restriction requiring that not less than sixty per cent of the units to be within the Authority's price range when coupled with this new concept would not provide the Authority with the needed flexibility in developing housing projects.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2910-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 451-76      Finance on H.B. No. 3109-76

The purpose of this bill is to increase the membership of the board of acupuncture from five to seven members.

Under present law, the board of acupuncture consists of five members, two of whom are private citizens and three of whom are acupuncturists. This bill increases the membership to seven members, three of whom would be private citizens and four of whom would be acupuncturists.

Your Committee agrees with the findings set forth in Standing Committee Report No. 293-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3109-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 452-76 Finance on H.B. No. 2999-76

The purpose of this bill is to establish the position of one additional deputy in the Department of Health in charge of administration or such other functions within the department as may be assigned by the Director of Health with the approval of the Governor.

The position of a deputy for administration is proposed to strengthen the top level management team of the Department of Health whose statewide programs are complex, varied, and distinct in nature and scope. The new deputy would fill a vital need in the areas of administrative and management leadership, departmental planning, guidance and assistance to all departmental programs.

Additional funding for the proposed deputy position is not being requested since the salary cost of this position can be absorbed within existing appropriation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 299976 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 453-76 Finance on H.B. No. 2170-76

The purpose of this bill is to change the title of Section 27-22, HRS, increase the number of committee members from seven to nine, and to make technical change involving the transfer of provisions relating to hospital administrators from Section 27-22 to Section 27-21.2, HRS.

Changing the title of Section 27-22 makes it correspond to the preferred wording of "county hospital advisory committee" as contained in the body of the section. Deletion of the word "general" permits the committee to act in an advisory capacity to those hospitals which are not general hospitals. The membership of the committees shall be increased from seven to nine to provide a broader base for advising the Director of Health on quality medical care, medical equipment and technology needed to render effective services, and in the assessment of and recommendations for new medical services and delivery system. Present provisions for appointing hospital administrators are intermixed with management advisory committees and committee members in Section 27-22. A more appropriate location is in Section 27-21.2 which pertains to hospital personnel.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2170-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 454-76 Finance on H.B. No. 2427-76

The purpose of this bill is to establish and maintain a program within the Family Court of family counseling specifically oriented toward parental responsibility and the parent-child relationship.

Your Committee agrees with the findings set forth in Standing Committee Report No. 142-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2427-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 455-76 Finance on H.B. No. 3133-76

The purpose of this bill is to enable the director of planning and economic development to hire scientific personnel on a permanent and temporary basis for research and development industry promotion purposes without regard to chapters 76 and 77 of the Hawaii Revised Statutes, relating to civil service.

Your Committee is in agreement with the finding set forth in Standing Committee Report No. 228-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3133-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 456-76      Finance on H.B. No. 3230-76

The purpose of this bill is to substantially amend Part III, Chapter 359, Hawaii Revised Statutes to expand and reiterate the responsibilities of the Hawaii Housing Authority in providing housing for elderly persons.

Your Committee finds that fifteen per cent of the elderly population in Hawaii are in need of better, less expensive housing. For these thousands of elderly, access to suitable housing arrangements remains a critical problem.

One factor contributing to the shortage of elderly housing is that presently, the Authority maintains no special allocation for any particular segment of individuals within the group designated as low income. Consequently, there is no amount of funding within the programs set aside especially for the elderly, despite the fact that taken in the aggregate, the elderly demonstrate that they have different needs and preferences than that of the client group served by the Authority as a whole.

This bill would alleviate the above-mentioned conditions by authorizing the Authority to do any and all things necessary and desirable to acquire, construct, reconstruct, operate and maintain housing projects for the elderly. The primary thrust of this bill is to provide funds through a newly created elderly housing fund as well as other available funds of the Authority, and through the financial assistance from the federal government. Further, this bill will provide an incentive for the counties and non-profit organizations to assume a far more active role in elderly housing development than they have up to now.

Your Committee has amended the amount of general obligation bonds authorized to \$1,000,000 to be used as seed money for the elderly housing fund.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3230-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3230-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 457-76      Finance on H.B. No. 2001-76

The purpose of this bill is to amend Act 197, Session Laws of Hawaii 1975 to provide additional funds to the Judiciary operating budget for fiscal year 1976-77 and supplemental funds for the Judiciary capital improvements budget in the same fiscal year.

H.B. No. 2001-76 was submitted by the Judiciary to amend Act 197, Session Laws of Hawaii 1975 to provide an additional \$482,195 and twenty positions in the Judiciary's operating budget for fiscal year 1976-77 and a total of \$4,675,000 for the Judiciary's capital improvements budget in the same fiscal year.

Hearings were held before your Committee on February 12, 1976, in which the Judiciary presented justification for the requests incorporated in this bill.

H.B. No. 2001-76, H.D. 1, would amend the original request to add four additional positions bringing the total operating supplemental request to \$517,607.

Your Committee has amended Section 4 relating to transfer of funds to require legislative approval.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2001-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2001-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 458-76 Finance on H.B. No. 2598-76

The purpose of this bill is to grant to persons 60 years of age or over an excise tax exemption on retail purchase of prescription drugs.

Section 237-16, Hawaii Revised Statutes, provides that every person engaging or continuing in the business of selling tangible personal property shall be subject to the tax rate of four per cent on the gross proceeds of sale or gross income received or derived from such retailing.

This bill proposes to amend Chapter 237 by adding a new section to provide an exemption for persons age 60 and over on the purchase of prescription drugs for human consumption.

Persons 60 years of age and over are to identify themselves by presenting their prescription to the retailer together with one of the following sources of identification: a) an automobile driver's license duly issued by any state or territory of the United States; b) birth certificate; c) medicare card; d) state or county identification card; or e) any other means of identification approved by the Attorney General of the State of Hawaii. This method enables the retailer to verify both the age of the purchaser and the fact that the prescription has been made for the person making the purchase.

Your Committee has noted the concerns expressed in House Standing Committee Report No. 2598-76, H.D. 1.

Your Committee has revised this bill by deleting the proviso in subsection (a) which reads "provided that this section shall not exempt the gross proceeds or income to the seller of such drugs or products from any tax imposed by this chapter". The language setting forth this exemption is clear without this proviso.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2598-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2598-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 459-76 Finance on H.B. No. 2978-76

The purpose of this bill is to ensure health care for the Kalaupapa residents.

Your Committee heard testimony on this bill and finds that leprosy is historically one of the most dreaded diseases afflicting mankind and in the Hawaiian scenario has resulted in the setting aside of Kalawao Peninsula on Molokai as a leprosarium. In recent years, patients have also been housed at Hale Mohalu, Oahu as well as Kalawao (commonly referred to as Kalaupapa).

Patients at Kalaupapa have learned to love the Molokai Peninsula and its people; it has become their true home. Statistics since 1950 show that of all patients at Kalaupapa eligible for release, only 5% have elected to return to the community.

Your Committee has amended this bill by deleting the sentence on line 20 and 21:

"The department of health shall determine at the earliest date possible, the mode of health services to be provided."

This language is deemed unnecessary as your Committee believes that the department of health, on its own volition, will not do otherwise.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2978-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2978-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 460-76 Finance on H.B. No. 2976-76

The purpose of this bill is to revise section 326-23, Hawaii Revised Statutes, to bring pensions for retired patient employees in the leprosy program more in line with practices followed by the Employees Retirement System. The bill provides that a patient employee

will be entitled, upon retirement after 10 or more years of service, to a pension payable monthly, in an amount which shall be equal to 3-1/3 per cent of the average wages received during the last 12 months of employment, multiplied by the total number of years of credited service. The bill amends section 88-17, Hawaii Revised Statutes, to provide that no bonus under that section shall be payable to any person retiring after June 30, 1971, except for bonus payments for patient employees under chapter 326, Hawaii Revised Statutes. The bill provides for bonus payments to augment the basic pension, and for a special 2-1/2 per cent post retirement allowance which is to be added annually to the pension beginning July 1, 1977 and thereafter on every July 1.

Your Committee has amended the bonus provisions being added by section 3. Generally, the charge gives full bonuses to a pensioner with service of 20 years or more, and a pensioner with less than 20 years service will receive a proportionate share. Bonus payments are to be \$50 or an amount not to exceed \$28.82 to bring the total of pension plus bonus to \$187.33 a month.

Your Committee has further amended this bill by including an appropriation of \$15,000 which your Committee has found to be a sufficient amount for this purpose for FY 1976-77.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2976-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2976-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 461-76          Finance on H.B. No. 2070-76

The purpose of this Act is to expedite the examination and care of alleged rape victims at emergency facilities. In addition, the bill provides for payment reimbursement for persons who are not able to pay for such treatment.

This bill provides for the Department of Health to assume payment for services to rape victims to cover the initial cost of examination, treatment, and evaluation. However, if a person carries health insurance and is eligible to receive reimbursement for services, the Department of Health would be responsible for that portion of the cost of services which is not covered by medical insurance. The Department of Health estimates that the cost for such services will be \$20,000.

Your Committee has amended this bill as follows:

1. The term "priority" as used in (a) line 3, page 2, be deleted. Designation of such patients as "emergencies" is sufficient since "emergency" patients are always cared for prior to non-emergency cases.
2. Further, if the phrase on line 5, page 2 "...regardless of time of arrival..." is also deleted since the Emergency Room physician should be the person to determine which of the emergencies receives highest priority for care.

Your Committee expresses its further concern for alleged rape victims who seek emergency care and who are under stress and often are suffering severe physical and emotional trauma. The need to separate such a victim from other persons awaiting emergency care should not be overlooked.

Your Committee on Finance is in accord with the intent and purpose of H.B. 2070-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2070-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 462-76          Finance on H.B. No. 2626-76

The purpose of this bill is to provide for the continued operation of the Legal Aid Society of Hawaii.

The Legal Aid Society of Hawaii has rendered legal assistance to the low income and economically disadvantaged population of the State for many years and has provided

a valuable delivery of legal services to this sector.

Your Committee is in agreement that continued operation of the Legal Aid Society of Hawaii is necessary at this time.

Your Committee amended the bill by deleting the provision that allotments to the Legal Aid Society be done on a semiannual basis. Your Committee has also made amendments in order to protect client confidentiality in the State's review of the Legal Aid Society's records and files.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2626-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2626-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 463-76      Finance on H.B. No. 2006-76

The purpose of this bill is to exempt alternate energy improvements from real property taxes.

This bill, as amended, will extend the real property tax exemption to any "alternate energy improvement", defined as "any addition, alternation, modification, or other construction, improvement, or repair work undertaken upon or made to any building which results in the production of energy from a source, or uses a process which does not use, fossil fuels."

Your Committee has revised this bill to simplify the application for exemption procedure, eliminating the need for certification by the energy resources coordinator. A ten year exemption limitation is also removed.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2006-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2006-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 464-76      Finance on H.B. No. 2335-76

The purpose of this bill is to provide state assistance to residents for the renovation and rehabilitation of their existing dwelling units.

The high cost of construction materials, labor and financing which makes new housing construction prohibitive, also discourages rehabilitative efforts to existing housing units. This bill would help to alleviate the problem by providing low-interest state loans, as well as informational and technical assistance, for the purpose of renovating and rehabilitating existing units.

Your Committee has given due consideration to the provision for real property tax exemption for the value of the improvements to dwelling units. Your Committee recommends against this exemption. Section 3 of this bill is accordingly deleted.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2335-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2335-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 465-76      Finance on H.B. No. 3261-76

The purpose of this bill is to provide the much needed support and impetus by appropriating \$849,000 in allocated amounts for the development of the papaya, anthurium and other cut flowers, and ornamental foliage industries which have contributed significantly to Hawaii's economic stability and which hold exceptional potential for further growth.

In consonance with the purpose of this bill and to develop a planned direction for agriculture in Hawaii, your Committee on Agriculture sponsored workshops which

included administrators, program leaders, researchers and specialists from several state agencies and representatives of various agricultural organizations.

The objectives of these workshops were to identify specific areas of agricultural growth potentials in Hawaii, to set priorities among the various growth potentials identified, and to determine resources needed and guidelines for appropriate legislative action to implement priorities.

Papaya, anthurium and ornamentals ranked as top priorities and these commodities indicated great need for support in transportation, market organization, development, and research.

Your Committee believes that the papaya, anthurium, and ornamental industries have vast potentials for development in Hawaii and can contribute greatly to Hawaii's economic stability. To contribute to the research, development and promotion of these industries, your Committee has appropriated \$849,000.

Your Committee has amended this bill by appropriating funds only for fiscal year 1976-77, as it feels it is improper to commit funds for the following biennium.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3261-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3261-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 466-76      Finance on H.B. No. 2633-76

The purpose of this bill is to amend the law concerning the judiciary branch to allow the administrative director to appoint a deputy administrative director of the courts with the approval of the chief justice. It provides that the salary of the deputy shall be ninety-five per cent of the administrative director's salary. This bill further provides that in addition to the sheriff and the first deputy sheriff there shall be a second deputy sheriff, whose salary shall be set by the chief justice but shall not be more than \$15,000 a year.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2633-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 467-76      Finance on H.B. No. 2960-76

The purpose of this bill is to remove the limitation of the SR-25-B rate for computing overtime compensation. This bill would provide that public employees entitled to overtime pay would be paid for overtime work on the basis of one and one-half hours for each hour of overtime worked at their actual pay rate.

In actual effect, this change will apply only to employees excluded from the collective bargaining units. Employees in a collective bargaining unit now get paid for overtime work at their actual rate of pay up to and including salary range 28.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2960-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 468-76      Finance on H.B. No. 3171-76

The purpose of this bill is to provide that where a retirement system member dies of a terminal illness within thirty days after the date of a filing for retirement, the designated beneficiary shall receive that amount which would be payable had the member retired before death, provided the member did not know of the terminal nature of the illness more than thirty days prior to death, and his physician did know but elected not to advise the member of such because of the mental or physical well-being of the member.

Your Committee agrees that where a member has filed for retirement and has no knowledge

of a terminal illness more than thirty days prior to such retirement, the benefits which follow should be based on the option selected by the member.

Your Committee is in general agreement with this bill, but proposes the following changes for clarification purposes:

(1) Lines 4 and 5 on page 4 - delete the comma after the word "beneficiary" and the words which follow, "otherwise the personal representative of his estate" and substitute therefor the words "or beneficiaries";

(2) Line 5 on page 4 - delete the word "allowance" and substitute therefor the words "death benefits";

(3) Line 19 of page 4 - delete the word "may" and substitute therefor the word "shall".

Section 3 is deleted and the remaining sections of the bill are appropriately renumbered.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3171-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3171-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 469-76      Environmental Protection on H.B. No. 2149-76

The purpose of this bill is to amend Chapter 342, HRS, so that the State will more closely conform to the requirements set forth in Section 402 of the Federal Water Pollution Control Act.

Your Committee finds that this bill will assure that the State will retain primary enforcement responsibility of the National Pollutant Discharge Elimination System (NPDES) permit program.

Your Committee on Environmental Protection is in accord with the intent and purpose of H.B. No. 2149-76, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 470-76      Labor and Public Employment on H.B. No. 2812-76

The purpose of this bill is to exempt seasonal youth camp staff members in resident situations in youth camps from the minimum wage law.

Your Committee has amended this bill by adding after the word "youth camp" on page 3, line 16, the phrase,

"sponsored by charitable, religious, or non-profit organizations exempt from income tax under section 501 of the federal Internal Revenue Code or in a youth camp accredited by the American Camping Association."

Your Committee has also made minor grammatical and technical changes in the bill without changing its substance.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2812-76 and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2812-76, H.D. 1.

Signed by all members of the Committee except Representatives Segawa, Yamada and Fong.

SCRep. 471-76      Finance on H.B. No. 2439-76

The purpose of this bill is to increase the number of law clerks for the chief justice, and each justice of the Supreme Court.

Your Committee agrees with the findings of House Standing Committee Report No. 217-76 that increased workload, and the increasing complexity of the law requires the addition of law clerks to adequately meet the demands of the matters before the Supreme Court.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2439-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 472-76      Finance on H.B. No. 3162-76

The purpose of this bill is to abolish the youth affairs component in the Office of Information and Youth Affairs in the Office of the Governor, and to transfer its functions to the Commission on Children and Youth or, if established, the Office of Children and Youth.

The responsibilities of the information component and those of the youth affairs branch are not sufficiently related to warrant their continuing co-existence within the same body.

According to House Standing Committee Report No. 162-76, it became clear shortly after the establishment of the office that the informational requirements faced by the agency's staff precluded the meaningful pursuit of a youth affairs program. A separate agency to deal with the functions of the youth affairs branch of the office would best serve the needs of the community.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3162-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 473-76      Finance on H.B. No. 3290-76

The purpose of this bill is to have the State assume the payments on the principal of the bonds issued for use in the Act 105 housing program.

The financing mechanism of the Act 105 housing program is the Dwelling Unit Revolving Fund (DURF). Basically, allocations to the DURF from legislative authorizations of general obligation bonds are expended by the Hawaii Housing Authority to acquire, to produce, or to cause to be produced, housing units for its clients. The DURF resources are intended to be replenished primarily through the repayment of development loans or through the sale of housing units.

Presently, the DURF is not a true revolving fund since the proceeds of the DURF must not only pay for the interest on its general obligation bonds, but the principal as well. The fund will never become self-sustaining. For fiscal year 1976-77, principal and interest payments from the DURF will amount to \$8.8 million. These repayment requirements will eventually drain all of the DURF over the course of the bond repayment period. By having the State assume the payments of the principal of the bonds, the DURF can become a true revolving fund and thereby fulfill its purpose.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3290-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 474-76      Finance on H.B. No. 3255-76

The purpose of this bill is to designate a permanent site of the State Farm Fair.

As amended by your Committee, this bill designates the director of the department of planning and economic development to select a permanent site for the State Farm Fair.

The director is to consult with other State agencies on this matter.

Your Committee has not appropriated any funds for the purposes of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3255-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3255-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 475-76      Finance on H.B. No. 2342-76

The purpose of this bill is to authorize public employees to observe a State holiday which falls on Saturday on the preceding Friday.

In 1977, two State holidays, Kuhio Day and Kamehameha Day, will fall on a Saturday. Since these holidays are not national holidays, the holidays will have to be observed on a Saturday. However, employees covered by collective bargaining agreements will observe these holidays on the preceding Friday.

This bill provides statutory authorization for all public employees to observe these holidays.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2342-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 476-76      Finance on H.B. No. 2359-76

The purpose of this bill is to make the members of the Public Utilities Commission full-time employees of the State and to provide the Commission with its own staff.

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 to consumers. 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.

The importance of efficient and effective regulation of public utilities is recognized as the utilities provide services which affect the welfare, health, and safety of the citizens of the State. Regulation must provide consumers with quality services at reasonable rates. The recent management audit of the regulatory process conducted by the Legislative Auditor revealed many shortcomings in the present regulatory process. This bill will help to correct some of the deficiencies found by the Legislative Auditor by creating a full-time Public Utilities Commission with its own staff and separating the Commission and its functions from the Department of Regulatory Agencies.

Your Committee agrees with the findings and recommendations expressed in House Standing Committee Report No. 334-76.

This bill appropriates \$417,042 for the operation of the Commission and its staff. In addition, the Director of the Department of Regulatory Agencies is directed to transfer \$94,305 of the sum appropriated to REG 103 by Act 195, Session Laws of Hawaii 1975, to the Department of Budget and Finance. This amount represents sums appropriated to the Department of Regulatory Agencies which were budgeted for use by the Public Utilities Commission. Because the Commission is being transferred to the Department of Budget and Finance, these moneys are being transferred to that Department.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2359-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 477-76 Finance on H.B. No. 1247

The purpose of this bill is to reinstate November 11 as the day to observe Veterans' Day. Present law prescribes the fourth Monday in October as the day to observe Veterans' Day.

Presently 47 states are officially observing Veterans' Day on November 11. One of the best ways of preserving the significance of this event is to observe its anniversary on the real date of the anniversary.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1247, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 478-76 Finance on H.B. No. 2302-76

The purpose of this bill is to broaden the indigent burial program by specifying that the Department of Social Services and Housing may pay up to \$400 each, for two forms of services, (1) mortuary and crematory, and (2) cemetery, furnished by a provider under contract by the Department. Relatives of the decedent may choose either mortuary services or cemetery services, or both forms of service.

Your Committee has noted that the findings expressed in House Standing Committee Report No. 167-76. The necessary increase in appropriation of \$198,000 will be given due consideration for inclusion in the Supplementary Appropriations Act.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2302-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 479-76 Finance on H.B. No. 2375-76

The purpose of this bill is to designate the Director of the Department of Regulatory Agencies as the consumer advocate in hearings before the Public Utilities Commission and to charge him with the responsibility for representing, protecting, and advancing the interest of consumers of utility services.

Under present law, the Director of the Department of Regulatory Agencies is charged with the general responsibility of protecting the interests of consumers. However, as this duty relates to the proceedings of the Public Utilities Commission, the Director, the Commission and the staff of the Public Utilities Division (PUD) of the Department of Regulatory Agencies are placed in awkward and conflicting positions. The Public Utilities Commission is placed in the Department of Regulatory Agencies for administrative purposes and the Director provides staff support to the Commission with department employees, i.e., the PUD. The Commission has no staff directly under its control except for an attorney which it is authorized to employ. In his role as the consumer protector, the Director relies on the PUD to advocate his position before the Commission while at the same time, the PUD is providing services to the Commission. This commingling of functions within one department has resulted in confusion as to the roles, functions, and responsibilities of the Commission, the PUD, and the Director in public utilities regulation.

This bill, in conjunction with H.B. No. 2359-76 resolves this confusion by clearly defining the roles of the Director of the Department of Regulatory Agencies and the Public Utilities Commission in the regulatory process. Under this bill the Director is charged with the consumer advocacy function and provided with a staff to carry out this function and the Commission, under H.B. No. 2359-76, is separated from the Department of Regulatory Agencies and given its own staff. This is in accord with the recommendations of the Legislative Auditor contained in his report on the public utilities program of the State (Audit Report No. 75-3).

Your Committee is in agreement that the designation of a consumer advocate for public utility matters is highly desirable and that this approach will strengthen the regulatory process.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2375-76,

H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 480-76      Legislative Management on H.B. No. 2632-76

The purpose of this bill is to change the excluded employee status of the staff of the City and County of Honolulu and Counties of Hawaii, Maui, and Kauai in collective bargaining for public employees.

This bill is directed toward the Clerk's Office of the City and County of Honolulu and Counties of Hawaii, Maui, and Kauai, whose employees are presently classified as excluded employees.

Your Committee has revised this bill to exclude the language referring to "employee of the Legislative Auditor, employee of the Legislative Reference Bureau" to limit the scope of this bill to the counties, and to make other style changes.

Your Committee on Legislative Management is in accord with the intent and purpose of H.B. No. 2632-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2632-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 481-76      Finance on H.B. No. 683

The purpose of this bill is to lapse certain capital improvement appropriations which are unencumbered and which have not yet been lapsed by law.

Your Committee finds that in prior acts of the legislature, appropriations have been made for a number of capital improvements projects for which there remain appropriations and appropriation balances which are unencumbered. The existence of these inactive appropriations, with the corresponding authorization to finance the appropriations through the issuance of general obligation bonds, obscures the true funded debt position of the State. Because the State funded debt includes not only outstanding bonds but also general obligation bonds which are authorized but unissued, it is prudent fiscal policy to limit unissued debt to active appropriations and to lapse those appropriations and those unencumbered balances of appropriations which are inactive. The effect of such action is to lower existing authorized but unissued debt by the total amount of the appropriations lapsed and to replenish the legal debt margin by the same amount. The total amount of the appropriations which are to be lapsed is \$9,759,691.

The bill has been amended to identify the specific appropriations which are to be lapsed.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 683, 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. 683, H.D. 1.

Signed by all members of the Committee.

SCRep. 482-76      Youth and Elderly Affairs, Public Assistance and Human Resources and Health on H.B. No. 3013-76

The purpose of this Act is to ensure that elderly individuals will not be placed in unlicensed boarding and care homes except in emergencies when no licensed facility is available.

Your Committees are concerned that there exist in this State several hundred unlicensed care and adult family boarding homes, and there is no means of ensuring that such homes provide proper care to their elderly inhabitants.

Your Committees have carefully reviewed this problem conducting hearings during the 1975 and 1976 regular sessions and forming an interim committee which produced House Special Committee Report No. 5, January 23, 1976. The studies undertaken thus far have confirmed our view that the area of home care for the elderly is a complex one requiring comprehensive reform and rationalization.

Your Committees are convinced that the first step to be taken is to discontinue the department of social services and housing and the department of health's practice of referring clients to unlicensed homes. This practice serves as a disincentive to care and boarding home operators becoming licensed and directly contradicts the State's policy of encouraging such licensing.

This Act deals with this problem by clearly stating that the department of health and social services and housing are to refer clients to unlicensed facilities only as a last resort when no licensed facility is available, and then only until such time as the unlicensed facility can be persuaded to seek licensing or until a place in a licensed facility becomes available.

Your Committee wishes to stress that the primary goal of this bill is to encourage operators to have their facilities licensed. For this reason the time periods for which an individual may be placed in an unlicensed home have been lengthened from three months' initial placement with a six-month extension where necessary, to six months and one year, respectively. It is hoped that this added time will enable the departments to work more successfully with the operators in encouraging and assisting them to become licensed.

Your Committee has substituted the more accurate term "care homes" for "home health agencies" on page 3, lines 11 and 12, at the suggestion of the department of health.

SECTION 5 has been amended to provide that this Act shall take effect as of July 1, 1976 instead of on approval, as originally provided, in order to give the departments and home operators a reasonable amount of time to prepare for the changes in policy mandated by the Act.

Your Committees on Youth and Elderly Affairs, Public Assistance and Human Services, and Health are in accord with the intent and purpose of H.B. No. 3013-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3013-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 483-76          Judiciary on H.B. No. 3242-76 (Majority)

The purpose of H.B. No. 3242-76 is to provide for registration procedures for firearms and provide for fingerprinting, eyesight examinations, written tests concerning the safe use and handling of firearms and ammunitions and laws concerning possession of such within the State, and ballistics tests.

Your Committee is in agreement that the legislature should review the area of possession and use of firearms and ammunition from time to time in order to evaluate the effectiveness of the present law. Whereas it is necessary to safeguard the population of the State from criminal use and possession of firearms and ammunition whenever possible, your Committee recognizes that the right to possess and use firearms for legal purposes, particularly in sporting and recreation activities, by law-abiding and responsible citizens should not be abridged.

Your Committee recommends an amendment to this bill which redefines certain crimes of violence to include criminal assaults and related offenses as found in Chapter 7, Part III of the Hawaii Penal Code. Also, your Committee finds that this Act should be amended to eliminate proposed procedures relating to fees for registration of firearms, time limits for the acquisition of a firearm permit, and procedures relating to fingerprinting, eyesight examination, written test, and ballistic test services.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3242-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3242-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Carroll, Fong and Sutton did not concur.

SCRep. 484-76          Judiciary on H.B. No. 2249-76

The purpose of this Act is to amend Section 304-1, Hawaii Revised Statutes, to make clear that the privileges of the University of Hawaii are available to all persons without regard to race, color, religion, sex, or national origin.

Section 304-1, Hawaii Revised Statutes, currently only enumerates sex, color, or nationality as among those factors which cannot be used to discriminate against individuals desiring to make use of the privileges of the University of Hawaii.

Your Committee feels that the aforementioned categories should be expanded and updated in order to fully protect the rights of individuals in the academic community.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2249-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 485-76          Judiciary on H.B. No. 2185-76

The purpose of this Act is to amend Section 704-404, Hawaii Revised Statutes, relating to the examination of a defendant with respect to physical and mental disease, disorder, or defect.

Your Committee finds that the written information and data submitted by the court-appointed medical experts concerning a defendant who has raised the defense of physical or mental disease or who may be unfit to proceed is of utmost importance to the ultimate outcome of the proceedings in the prosecution.

At the present time, all medical information concerning a defendant may be incorporated into a single report which may be submitted to the court. Your Committee concurs that this Act provides the court with additional medical information and opinions regarding the condition of a defendant through the submission of separate reports by each medical specialist.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2185-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 486-76          Judiciary on H.B. No. 2188-76

The purpose of this Act is to make the intentional, knowing, or reckless causing of bodily injury to a police officer or a fireman engaged in the performance of his duties an offense of assault in the second degree.

Your Committee agrees that policemen and firemen play an integral role in the preservation of peace and well-being in our community. Thus, we feel that policemen and firemen should be protected in the performance of their duties by deterring those who would seek to interfere with the duties of policemen and firemen and to punish those who do interfere.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2188-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 487-76          Judiciary on H.B. No. 3040-76

The purpose of this Act is to add a new section to the Hawaii Penal Code stating the elements of the offense of criminal contempt of a grand jury.

Your Committee, in light of recent circumstances and cases involving grand juries, agrees that it would be in the best interest of the judicial system as well as the public, to enunciate and clarify those actions of an individual which would constitute the offense

of criminal contempt of a grand jury.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3040-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 488-76      Judiciary on H.B. No. 2160-76

The purpose of this Act is to give the chief security officer all of the powers of police officers provided that such powers shall remain in force and in effect only while he is in the actual performance of his duties at the stadium.

Your Committee concurs that there is an increasing need for tighter security at stadiums because of rowdiness of some patrons. Your Committee feels that controlling such incidents would be made more efficient if the chief security officer of the stadium was given all of the powers of police officers, including the power of arrest.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2160-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 489-76      Judiciary on H.B. No. 2235-76

The purpose of this Act is to amend Section 710-1022, Hawaii Revised Statutes, so as to clarify the purpose and meaning of the illegal promotion of prison contraband in the first degree.

Under present law, the task of describing an unapproved dangerous instrument is virtually impossible due to the fact that under proper circumstances nearly any article may constitute a dangerous instrument. Similarly, the task of defining an unapproved drug is extremely difficult.

Your Committee is in agreement that workable definitions for prison contraband are necessary. This Act, therefore, proposes the definition of an unapproved dangerous instrument be the same as that in Section 707-700 (4), Hawaii Revised Statutes, and that a dangerous instrument may only be possessed by or conveyed to a confined person with the facility administrator's express prior approval.

Your Committee is also in agreement that the definition of a dangerous drug be the same as that in Section 712-1240 (1)-(3) and (5) and (7), Hawaii Revised Statutes and that a drug may be possessed or conveyed to a confined person with the facility administrator's express prior approval and under medical supervision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2235-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 490-76      Judiciary on H.B. No. 2151-76

The purpose of this Act is to amend Section 731-3.2, Hawaii Revised Statutes, by clarifying the procedure relating to the expungement of arrest records.

At the present time, Subsection (c) of Section 731-3.2, Hawaii Revised Statutes, appears to conflict with Subsection (a) of the same Section since Subsection (c) requires the return of a person's photograph and fingerprint records on issuance of an expungement order, whereas Subsection (a) provides that a person's fingerprints and photographs may be retained by the holding agency if such person has a prior record of conviction or is a fugitive from justice. Your Committee finds that it is necessary to correct this conflict by treating the return of fingerprints and photographs specifically under Subsection (a) and providing that such records may be retained by the holding agency in a case of a prior record conviction on the part of a person or if a person is a fugitive

from justice.

In addition, your Committee concurs that the procedure of expungement of arrest records apply only to a person who has been charged with, but not convicted of a crime. Also, your Committee concurs that this Act would clarify the question as to which agencies of the State or county government would comply with the issuance of an expungement order.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2151-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 491-76            Judiciary on H.B. No. 2234-76

The purpose of this Act is to amend Section 707-711, Hawaii Revised Statutes, relating to assault in the second degree.

Your Committee is in agreement that the occupation of a correctional worker may hold constant danger to such person during the performance of his duty through the potentiality of offenses committed against him by others.

Accordingly, your Committee finds that this Act conveys the seriousness of the commission of bodily injury to a correctional worker by defining such offense as assault in the second degree. Your Committee concurs that this Act may deter the commission of offenses against a correctional worker by the redefinition of such offense as assault in the second degree.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2234-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 492-76            Judiciary on H.B. No. 3196-76 (Majority)

The purpose of this Act is to amend Chapter 706, Hawaii Revised Statutes, Title 37, Hawaii Penal Code, by adding a new section relating to the commission or attempted commission of a felony with a firearm and the length of imprisonment for convicted defendants.

Your Committee is in agreement that the steadily increasing use of firearms in the commission of criminal activities presents a severe degree of risk of injury to victims of criminal actions. At the present time your Committee feels that there is a need to re-examine the methods with which to discourage the use of firearms and institute stronger penalties for persons convicted for such criminal activities.

Your Committee recommends that this Act be amended by inserting a provision stating that a person convicted of a felony, where the person had a firearm in his possession and threatened to use or used the firearm while engaged in the commission of the felony shall be sentenced to a term of imprisonment of a minimum of not less than ten (10) years for a class A felony, not less than five (5) years for a class B felony, and not less than three (3) years for a class C felony. In addition, your Committee recommends an amendment that the sentence of imprisonment for a felony involving the case of a firearm be exempted from the procedure for determining minimum term of imprisonment and that the convicted defendant shall become subject to the parole procedure upon the expiration of the above-stated minimum term of imprisonment.

Furthermore, your Committee recommends an amendment to this Act which sets a term of imprisonment for a person convicted of a second offense involving the possession or threat to use a firearm while engaged in the commission of a felony as a minimum of not less than twenty (20) years for a class A felony, not less than ten (10) years for a class B felony, and not less than five (5) years for a class C felony.

Your Committee recommends that the imprisonment sentence imposed for the use of firearms in the commission of felony cases shall not be served concurrently with any other sentence imposed, and urges that such sentences be served consecutively.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3196-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3196-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Stanley did not concur.

SCRep. 493-76      Judiciary on H.B. No. 2706-76

The purpose of this Act is to amend Section 708-840, Hawaii Revised Statutes, relating to the commission of the offense of robbery in the first degree.

Your Committee finds that there is a need to modify the present law relating to the use of a dangerous instrument by a person in the commission of a robbery in the first degree. This Act proposes that an instrument used in such a commission of an offense shall be deemed an apparently dangerous instrument if it is reasonably believed by the person being threatened or forced to be capable of producing death or serious bodily injury. In addition, your Committee finds that in order for the person being threatened or forced during the commission of robbery in the first degree to make the determination that an apparently dangerous instrument is being used or threatened to be used, such instrument should be visible to the victim at some point during the commission of the offense.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2706-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 494-76      Consumer Protection and Commerce on H.B. No. 3111-76

The purpose of this bill is to define and establish minimum qualifications for managing agents for condominium projects.

With the advent and tremendous growth of the condominium form of home ownership, there has been a corresponding growth in the field of management of the affairs of condominium projects. In most condominiums, a managing agent is employed by the association of apartment owners to handle the fiscal and physical management of the condominium. However, the present laws dealing with condominiums contain no definition of a managing agent, nor are there any laws specifically directed towards the regulation of managing agents. As a result, although managing agents perform important services for associations of apartment owners and may be entrusted with the care and control of large sums of money, they are not required by law to be licensed or bonded.

In order to afford some protection to owners of condominiums, this bill defines a managing agent and sets certain minimum qualifications which must be met in order to act as a managing agent.

As originally introduced, the bill prohibited a managing agent from leasing or renting condominium units unless licensed as a real estate broker. Your Committee felt that the provision was unduly restrictive and would inconvenience condominium owners who wished to rent their apartments without providing any appreciable benefit. However, your Committee recognizes that long term rentals may require more expertise on the part of the rental agent and, therefore, the bill has been amended to allow managing agents to handle rental agreements of less than a year without being licensed as a broker and to require a real estate brokers license if the tenancy is for more than one year.

Your Committee has also amended the bonding requirements by deleting the blanket requirement for a \$50,000 bond and substituting therefor a requirement that every managing agent obtain a bond in the amount of ten per cent of the total amount of moneys handled by the agent in the previous calendar with a ceiling of \$50,000 on the bond required. The amendment is in recognition of the fact that there are some managing agents who handle relatively small sums of money and that for such agents, obtaining a \$50,000 bond would be a prohibitive cost.

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

and purpose of H.B. No. 3111-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3111-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 495-76      Consumer Protection and Commerce on H.B. No. 3100-76

The purpose of this bill is to authorize the office of consumer protection to receive, investigate, and attempt to resolve landlord-tenant disputes arising under Chapter 521, Hawaii Revised Statutes.

The office of consumer protection had been providing dispute resolution assistance to landlords and tenants but a recent opinion of the Disciplinary Board of the Hawaii Supreme Court has precluded the office from continuing the practice. Your Committee feels that the office of consumer protection was performing a valuable and much needed service in the landlord-tenant area and that the office should be allowed to continue to receive, investigate, and attempt to resolve landlord-tenant disputes.

The bill has been amended by substituting the words "attempt to resolve" for the word "mediate" as your Committee feels that this more accurately and clearly reflects what the office of consumer protection is to do regarding a dispute arising under the residential landlord-tenant code.

Your Committee is in accord with the intent and purpose of H.B. No. 3100-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3100-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 496-76      Consumer Protection and Commerce on H.B. No. 2554-76

The purpose of this bill is to clarify the term "insurer" as used in chapter 431 of the Hawaii Revised Statutes.

Under the current definition of "insurer", there is some ambiguity as to what persons engaged in the business of making contracts of insurance are to be included in the definition. The bill clarifies the definition by specifying that persons making contracts of insurance of the classes enumerated in section 431-5 are insurers.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.B. No. 2554-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 497-76      Consumer Protection and Commerce on H.B. No. 2256-76

The purpose of this bill is to require the board of directors of every association of apartment owners of condominium projects to purchase and at all times maintain insurance which covers the common elements and, whether or not part of the common elements, all exterior and interior walls, floors, and ceilings against loss or damage by fire or other hazards and further, to provide each apartment owner with a summary, in layman's terms, of such insurance coverage.

Under present law, the manager or board of directors, if required by the declaration, bylaws, or a majority of the apartment owners, is required to obtain insurance for the property.

Your Committee agrees that in order to protect condominium owners, all condominium projects should be required to have the insurance coverage required by this bill.

Your Committee accepted the recommendation of the Real Estate Commission that rather than amending section 514-20, the provisions of the bill would be more appropriate if inserted in section 514-26, which deals with insurance.

The bill as originally introduced provided that the board of directors of the association

of apartment owners provide an annual written summary, in layman's terms, of the insurance coverage. Because the insurance company providing the coverage would be in the best position to provide such a summary, the bill has been amended to require the insurance carrier to provide the summary, with the board of directors responsible for disseminating the summary to the apartment owners.

The bill has been further amended to require purchase of flood insurance under the provision of the federal Flood Disaster Protection Act of 1973 if the property is located in an identified flood hazard area as designated by the Department of Housing and Urban Affairs. This will afford greater protection to condominium owners located in flood areas.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2256-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2256-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 498-76 Consumer Protection and Commerce on H.B. No. 2128-76

The purpose of this bill is to give the Hawaii consumer greater protection in the area of door-to-door sales and to eliminate problems that have arisen because of conflicting requirements of Federal and State law.

In 1974, a Federal Trade Commission trade regulation rule regulating door-to-door sales became effective. According to testimony received, this has been a source of confusion because the requirements under the Federal rule are not the same as those under the present State law. That is, in some areas less is required under State law than under the Federal rule and in others more is required. This bill makes Federal and State law consistent by amending to conform to Federal law, those State provisions which afford less protection to the consumer. It also retains those State provisions which offer the consumer greater protection. Your Committee agrees that incorporating into State law those Federal provisions which afford consumers greater protection and retaining those State provisions which afford consumers greater protection, will benefit Hawaii consumers.

Your Committee was informed by the Office of Consumer Protection that the bill in its original form inadvertently failed to exclude from the definition of "door-to-door sale", transactions which are not intended to be included in the definition, namely, transactions (1) made pursuant to prior negotiations in the course of a visit by the buyer to a retail business establishment having a fixed permanent location where goods are exhibited or services offered for sale on a continuing basis; (2) in which the buyer has initiated the contact and the goods and services are needed to meet a bona fide immediate personal emergency of the buyer and the buyer furnishes the seller with a separate dated and signed personal statement in the buyer's handwriting describing the situation requiring immediate remedy and expressly acknowledging and waiving the right to cancel the sale within three business days; (3) conducted and consummated entirely by mail or telephone and without any other contact between buyer and seller prior to delivery of goods or performance of services; and (4) in which the buyer has initiated the contact and specifically requested the seller to visit his home for the purpose of repairing or performing maintenance upon the buyer's personal property. These exemptions are consistent with the Federal rule and your Committee has amended the bill to conform to the Federal rule.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2128-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2128-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 499-76 Consumer Protection and Commerce on H.B. No. 1810

The purpose of this bill is to require State agencies to give preference to Hawaii services when purchasing services.

Under present law, State agencies are mandated to give preference to Hawaii products

when purchasing products. This bill enlarges the preference to include purchase of Hawaii services. Hawaii services is defined as services performed by a business that is wholly owned by Hawaii residents.

Under the provisions of this bill, as amended by your Committee, the Comptroller is directed to adopt rules for inclusion of types of services in the present Hawaii products list. The list would then become a Hawaii products and services list. Persons who apply to the Comptroller and are found to qualify as offering Hawaii services will be registered in the list. State agencies are mandated to purchase Hawaii services if the selling price of the Hawaii services does not exceed by ten per cent, the delivered or lowest bid in Hawaii of comparable services provided by a non-Hawaii business.

The bill as originally introduced provided that preferences be given for all types of services. Testimony from the Department of Accounting and General Services indicated that such a provision would be unworkable and impractical in that certain contracts include both services and materials and it would be extremely difficult to separate the portion of the price attributable to services as opposed to material. The most common example of this type of contract would be construction contracts. Further, it would be inappropriate to give preference when contracting for certain types of services where the capabilities of the individual employed is of critical importance. Services of this type may be generally classified as professional services. Your Committee is in agreement with the views expressed by the Department of Accounting and General Services and, therefore, the bill has been amended to delete preferences for Hawaii services from the section of the law dealing with public works contracts and the Comptroller is given discretion as to what type of services are to be included in the Hawaii products and services list.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1810, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1810, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 500-76      Consumer Protection and Commerce on H.B. No. 2678-76

The purpose of this bill is to require insurers to use the age of the insured at the most recent birthday in determining a life insurance premium based on age.

Present law is silent on the matter covered by this bill and the industry practice is to use either the nearest birthday or the most recent birthday in determining life insurance premiums based on age. Although actuarial calculations underlying the premiums take the method of determining age into consideration and, therefore, the method used does not affect the premium, the use of different methods by different insurance companies can lead to confusion and misunderstanding on the part of the insured.

Your Committee is in agreement that the use of a uniform method would avoid confusion. Testimony before your Committee indicated that the industry trend is to the use of the most recent birthday method and this bill requires the use of that method in determining the age of the insured.

As originally introduced the bill referred to the age of the insured "or other person" in determining life insurance premiums. Your Committee has been unable to determine the need for the reference to the age of a person other than the insured and, therefore, the quoted phrase has been deleted from the bill.

Based on the recommendation of the Department of Regulatory Agencies, the bill has been further amended to provide for an effective date of January 1, 1977 to afford the insurance industry time to conform their practices to the requirements of this bill.

Your Committee is in accord with the intent and purpose of H.B. No. 2678-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2678-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 501-76

Consumer Protection and Commerce on H.B. No. 2984-76

The purpose of this bill is amend the Horizontal Property Act in matters relating to (1) blanket mortgages affecting apartments, (2) changes in building plans, and (3) cancellation rights of purchasers.

The bill amends the following sections of Chapter 541, Hawaii Revised Statutes:

(1) Section 541-16. This section has been amended to clarify that a blanket mortgage or lien must be released only upon the first conveyance or lease to a purchaser. Under the present law, the section could be interpreted to include the first conveyance from the landowner to the developer. Further, the amendment clarifies that blanket mortgages and liens must be satisfied of record only upon conveyance by deed or lease and that first sales of apartments may be by agreements of sale without obtaining releases of blanket liens. Your Committee is aware that many condominium projects are now being sold by agreement of sale and that requiring prior removal of blanket liens before an apartment is sold by an agreement of sale would make such sales financially impractical.

(2) Section 514-37. Presently, this section requires that any change in the building plans for a project which requires the approval of the county officer having jurisdiction over issuance of building permits must be approved by purchasers. Your Committee received testimony that, technically, any change may require such approval although the requirement is normally waived for minor changes. It is common knowledge that during the construction of a building, many minor changes are made which have no substantial effect on the building. This section as presently worded could be interpreted as requiring the approval of purchasers for every minor change and thereby impose an impossible burden on developers. The bill amends this section by requiring the purchaser's approval only when there are material changes in the building plans. The amendment conforms this section to Section 514-42, which requires that a supplementary public report be issued when the developer proposes to materially change a project.

(3) Section 541-39. Presently, this section states that if the final report for a project is not issued within one year from the date of issuance of the preliminary report, purchasers are entitled to refund of all moneys paid without further obligation. No cutoff date is established for the purchaser to exercise his option to a refund and as a result, a purchaser may receive a final report issued more than one year after the date of the preliminary report and later opt out of the transaction. This can work a hardship on the developer as the exercise of the refund option may come many months after the final report was issued. Your Committee agrees that some cutoff date of a purchaser's right of refund should be established after issuance of a late final report. As originally introduced, the cutoff date was upon receipt of the final report by the purchaser. Your Committee believes that the purchaser should have an opportunity to examine the final report before deciding whether or not to exercise his option to a refund and, therefore, the bill has been amended to provide for a ten day cancellation period.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2894-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2894-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 502-76

Water, Land Use, Development, and Hawaiian Homes  
and Agriculture on H.B. No. 3262-76

The purpose of this bill, as amended, is to add a new section to Section 205, Hawaii Revised Statutes, which will specify permissible uses within an agricultural district, and to amend Sec. 205-12 relating to enforcement and Sec. 205-13 relating to penalties.

Your Committees find that agricultural subdivisions approved by the counties are being put to uses other than agricultural uses. The purpose of the agricultural district classification is to control the uses of the land for agricultural purposes. This purpose is being frustrated by the development of urban type residential communities in the guise of agricultural subdivisions. To discourage abuse of this purpose, the bill, as amended, defines more clearly the uses permissible within the agricultural district. Except for such uses permitted under special use permits in section 205-6 and for nonconforming uses permitted in section 205-8, uses not permitted by this bill shall be prohibited. For lands within the agricultural district with soil classified by the Land Study Bureau as class A or B, the bill prohibits the counties from approving any agricultural subdivision

unless the land within the subdivision shall be made subject to the restriction on uses and to the condition that the uses shall be primarily in pursuit of an agricultural activity. The restriction on uses and condition aforesaid shall be expressly contained in the instruments of conveyance and shall be encumbrances running with the land which shall automatically terminate upon reclassification of the land to a land use district other than agricultural district.

Your Committees have also provided that the penalty for a violation of the restriction on uses and condition aforesaid shall be a fine of not more than \$5,000.

Your Committees on Water, Land Use, Development, and Hawaiian Homes, and Agriculture are in accord with the intent and purposes of H.B. No. 3262-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3262-76, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 503-76      Housing on H.B. No. 2744-76

The purpose of this bill is to improve the buy-back provisions of Act 105 by repealing the second ten-year buy-back provision and by providing that the Hawaii Housing Authority's right to repurchase units shall be automatically extinguished in cases of foreclosure.

During a public hearing held by your Committee, the Hawaii Housing Authority testified that in most cases where the buy-back provision is effected within the second ten years after initial sale, the Authority will probably waive its right to repurchase the unit. This is basically due to the price at which the Authority must repurchase the unit for (the greater of the purchaser's equity x 7% a year or the fair market value of the premises less any subsidy by the State). The Authority feels that it is not financially feasible to repurchase the unit at fair market value then proceed to subsidize the price to a level affordable to the target group.

H.B. No. 2744-76 also provides a solution for the problem of obtaining mortgage funds for purchasers of units in Hawaii Housing Authority sponsored projects. Because of the buy-back provision there is presently no mortgage protection for various mortgage lenders and insurers in cases of foreclosure. It is for this reason that the subject mortgages remain unmarketable and unattractive.

In a letter dated January 19, 1976 to the Executive Director of the Hawaii Housing Authority, the Federal National Mortgage Association (FNMA) recommended an amendment to the buy-back provision which would rectify the above-mentioned problem. H.B. No. 2744-76 was drafted, based on these said recommendations.

Upon consideration of this bill your Committee has made the following amendments:

1. page 6, line 17 - The word "fifteen" has been changed to "ninety".
2. page 6, lines 21-22 - The following phrase has been deleted: "to the extent of the subsidy made by the authority to, or amounts owing to the authority by, the mortgagor."

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2744-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2744-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 504-76      Housing on H.B. No. 3088-76 (Majority)

The purpose of this bill is to clarify the applicability of Chapter 519, Hawaii Revised Statutes.

During the 1975 legislative session, Act 185 was enacted, which added to Chapter 519 of the Hawaii Revised Statutes a new section relating to residential leaseholds. Essentially, this section, Section 519-2, imposes certain restrictions and limitations on the renegotiation of ground rentals under residential ground leases. It was the intent of the legislature that such restrictions and limitations be applicable only to those

parcels of land which are to be used as a principal place of residence for a single family. However, it has come to the attention of your Committee that condominiums and multi-family type dwellings could come under the purview of Chapter 519 as it is presently written. This was confirmed by testimony of the Attorney General stating that the words "all leases of residential land" in Section 519-2(a) could be interpreted to be all-inclusive, and could therefore be interpreted to include condominiums and multi-family dwellings. The plain and obvious meaning of "all leases of residential land" seemingly would include leases of residential land on which condominiums or multi-family dwellings have been constructed. Additionally, the definition of "lease" in Section 516-1(5) merely excludes leases with terms shorter than thirty-five or twenty years, depending on the date of initial conveyance. Numerous residents of this State reside in condominiums or multi-family dwellings, many of which are on land under long-term leases.

Although your Committee believes that problems of leasehold condominiums and multi-family dwellings do merit remedial legislation, Act 185 was not intended to apply to them. Condominiums and other multi-family dwellings present unique problems which should not be dealt with indirectly and inadvertently as a result of the ambiguity in Act 185.

Your Committee, upon consideration of this bill, has made the following amendments:

1. page 1, line 4 - After the word "leases" has been added the words "as defined by Section 516-1(5)".
2. On lines 5, 8 and 9 the brackets around "June 2, 1975" have been removed.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3088-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3088-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Cobb, Larsen and Sutton did not concur.

SCRep. 505-76      Housing on H.B. No. 3208-76

The purpose of this bill is to require that occupants of lands condemned by eminent domain be offered a permit to remain on the land by the condemning authority until such time as the land is required for the public purpose for which it was condemned.

This would apply to those lands which are not to be used for a period in excess of six months for the purposes for which it was condemned. Rentals would be on a month-to-month basis and would be based upon a certain percentage of the amount deposited in court.

Your Committee believes that this bill would contribute towards maximizing use of lands by permitting the occupant of a dwelling unit to remain there until such time as the condemner really needs to take possession thereof.

Upon consideration of this bill, your Committee has made the following amendments:

1. page 1, lines 1 and 4 - "171" has been changed to "101".
2. The term "occupant" has been substituted for "owner" where appropriate.
3. The term "permit" has been substituted for "lease" where appropriate, as the term "lease" connotes a fixed term.
4. page 1, line 13 - The words "date of summons" has been changed to "effective date of the order of possession", since the condemner has no right to permit the use of the property until it has been put into possession by the court.
5. page 1, line 15 - There has been added after the word "authority" the following: "or the then current rent paid by the occupant if the occupant is not the owner of the land or improvements."
6. page 2 - There has been added a new SECTION 3 which reads as follows: "This Act shall not apply to lands, title to which have been vested in the condemning authority by final order of condemnation prior to the effective date of this Act."

7. Other technical amendments have been made without change in substance.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3208-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3208-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 506-76      Housing on H.B. No. 2947-76.

The purpose of this bill is to allow the Hawaii Housing Authority to fix rental rates as a percentage of tenant income for housing projects administered under Chapter 359 of the Hawaii Revised Statutes. This would be in addition to its present powers of setting rentals at fixed rates.

In testifying before your Committee the Hawaii Housing Authority stated that they favored the concept of this bill. This particular method of fixing rental rates would be especially feasible for those with sufficient incomes. However, this method, if used singularly, would probably not generate adequate revenues to operate State public housing projects; especially in view of the lack of subsidy from the federal government. It is for this reason that your Committee believes that the Authority should be granted flexibility of administering both the present system of setting rentals at flat rates, as well as the method proposed in this bill.

Upon consideration of this bill, your Committee has made the following amendments for purposes of clarification:

1. page 1, line 14 - The word "adequate" has been replaced by the word "sufficient".
2. page 1, lines 14-15 - The words "(in addition to the foregoing) sufficient" have been deleted.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2947-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2947-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 507-76      Energy and Transportation on H.B. No. 2596-76

The purpose of this Bill is to amend and clarify the existing statutes regarding the maintenance of sidewalks by homeowners.

Presently the statutes governing the cleaning of sidewalks mandate property owners to maintain sidewalks abutting or adjoining their property.

Your Committee finds that in some situations homeowners are required to maintain sidewalks in the back of their homes as well as the front. This situation exists where a home is immediately located between two streets.

Your Committee further finds that in some of these situations, homeowners are forced to climb over tall fences or walk around street blocks to reach these sidewalks.

Your Committee received testimony from homeowners describing the hazards of the situation when these sidewalks front busy streets with a heavy flow of traffic. These homeowners are presently being billed by the city for the maintaining of these sidewalks or are being issued citations for failing to maintain such sidewalks.

The City and County of Honolulu was given due notice of the hearing but did not testify.

H.B. No. 2596-76, H.D. 2 relieves the hardship and unfairness incurred by many homeowners by requiring the homeowner to maintain only the sidewalks: that are not on the rear of an owner's property that adjoin the front of the property and not the side facing the rear of the dwelling on the property, except where there is an opening for access, or if the dwelling is not facing the street, the owner must maintain the sidewalk

which abuts the property and has an opening or access.

Your Committee has amended the bill as follows:

1. Page 1, line 3 - Delete the letter "(a)".
2. Page 1, line 8 - Delete the word "frontage" and add the word "property", and delete the words "or adjoins".
3. Page 1, line 12 - Delete the words "or front upon", "premises and" and delete the period.
4. Page 1, line 12 through line 17 - Delete the following: "; provided, that the owner shall not be required to continuously maintain, and keep clean, passable, and free from weeds and noxious growths the whole of the sidewalk as may abut the side of the owner's premises and property toward which the rear of the building on the property faces."
5. Page 1, line 12 - Add the following: "; except that the owner shall not be required to continuously maintain, and keep clean, passable, and free from weeds and noxious growths under the following circumstances:
  - (1) If the front of the dwelling on the premises or property faces the sidewalk, the sidewalk as may abut the side of the owner's premises and property which faces the rear of the dwelling on the property and does not provide an opening for pedestrian or vehicular ingress to and egress from the property; or
  - (2) If the front of the dwelling on the premises or property does not face any sidewalk, the sidewalk as may abut the side of the owner's property which side does not provide an opening for pedestrian or vehicular ingress to and egress from the property."
6. Delete the definition of "frontage".

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2596-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2596-76, H.D. 2.

Signed by all members of the Committee except Representatives Clarke and Evans.

SCRep. 508-76 Finance on H.B. No. 3070-76

The purpose of this bill is to add a new provision to the Hawaii Revised Statutes to provide special pay for certain dangerous police duty.

This bill provides that pay differentials shall be granted to policemen while serving on a bomb squad, or in the canine corps as it assists the bomb detail. It provides, that the pay differential shall not be subject to existing limitations concerning hazardous pay and shall be subject to negotiation between the department and the representative of the police union.

Your Committee has deleted the category of "helicopter observer" from the coverage of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3070-76, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3070-76, H.D. 1.

Signed by all members of the Committee.

SCRep. 509-76 Finance on H.B. No. 2998-76

The purpose of this bill is to allow the Comptroller administrative flexibility in the conduct of the Parking Control Program.

The designation of parking lots should be influenced by the needs of governmental

operations and proximity to governmental centers. The designation of land under the jurisdiction of Comptroller as parking facilities and setting of fees for parking should be a discretionary one.

This bill provides for a change in the mandatory language presently applicable to the Comptroller's duties over parking facilities.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2998-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 510-76 Finance on H.B. No. 2300-76

The purpose of this bill is to amend Chapter 346, Hawaii Revised Statutes, by adding a new section which directs the Department of Social Services and Housing to adopt rules to permit payment to providers of group psychotherapy for services to Medicaid recipients. The Department's rules shall also provide for the transportation of patients or providers in order to insure uniform availability of services.

Group therapy has been found to have significant therapeutic value in helping some persons adjust to living conditions and situations. The group provides the individual member with support and attention as well as self-appraisal and constructive criticism which creates an environment favorable to modifying old behaviors and learning new patterns of behavior. The group milieu is distinctly different from that of the individual therapist and his patient.

Testimony from Dr. Vit Patel, staff psychiatrist at Queen's Medical Center, stated that Queen's currently provides group therapy services without reimbursement, to a number of Medicaid patients whose treatment plans indicate such a need. Other patients presently receiving individual therapy would probably progress equally well in groups which, when clinical variables are equal, are more efficient in terms of time and money.

The Department's testimony on this bill expressed special concern about additional program costs related to the mechanics of providing group therapy services. Some guidelines such as the length and frequency of treatment sessions, and costs per session were proposed by testimony from the Hawaii Medical Association. Under the rules and regulations it can adopt, the Department can control the cost of providing group services.

Your Committee recommends that the following sentence be deleted: "In order to ensure uniform availability of services to all recipients requiring group therapy, rules shall provide for the transportation of recipients or practitioners," (page 2, line 7-10). The reason for this deletion is that certain types of group therapy services may not be readily available on all of the Islands. In such instances, it should not preclude the examining physician from recommending alternative methods of psychiatric treatment, e.g., one-to-one psychiatric treatment, as may be available on that particular island. In such instances, it may not be necessary to transport the patient to another island simply to receive group therapy services.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2300-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2300-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 511-76 Finance on H.B. No. 3458-76

The purpose of this Act is to establish a Hawaii Commission on Crime.

The creation of a crime commission would provide a mechanism for citizen input into governmental activities with regard to crime, through systematic and thoughtful development of new programs, review of ongoing programs, investigation, public education, and legislative recommendation functions.

The lieutenant governor shall serve as the executive officer of the commission and shall be provided with appropriate staffing to carry out the functions of the crime commission.

An appropriation of \$60,000 is included for the purpose of this bill.

Your Committee agrees with the findings as set forth in Standing Committee Report No. 270-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3458-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 512-76      Legislative Management

Informing the House that House Resolution Nos. 401 to 409, House Concurrent Resolution Nos. 70 and 71, Standing Committee Report Nos. 446-76 to 511-76, and Standing Committee Report Nos. 513-76 and 514-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 513-76      Consumer Protection and Commerce on H.B. No. 2374-76

The purpose of this bill is to improve the procedures of the Public Utilities Commission in regulating the rates, fares, and charges which public utilities charge for their services.

The bill amends Section 269-16, Hawaii Revised Statutes, to clarify the authority of the Public Utilities Commission in authorizing automatic rate adjustment clauses and the procedures to be followed in holding public hearings on proposed rate increases.

As originally introduced, the major feature of the bill was the proposed use of a file and suspend concept as a means of reducing regulatory lag. Your Committee concurs with the findings of the Legislative Auditor contained in an earlier report submitted to the Legislature as well as the statements of many of the people testifying at the hearing on this bill that regulatory lag is detrimental to the public interest and steps must be taken to reduce it. However, your Committee agrees with the Department of Regulatory Agencies that rather than the adoption of a file and suspend concept, the problem of regulatory lag should be attacked at its root cause by committing adequate resources to the regulatory process so that cases may be heard and disposed of promptly. Your Committee has taken steps in this direction in H.B. No. 2359-76 which creates a full-time Public Utilities Commission. Therefore, your Committee has amended the bill to delete the file and suspend concept and substituted therefor, provisions which mandate the Commission to use its best efforts to complete rate proceedings within nine months after a completed application for an increase is filed. In order for all parties to know what information is expected to be included in an application, the bill directs the Public Utilities Commission to set standards concerning the data required to be set forth in the application.

The bill also provides that a public utility can apply for a temporary rate increase which the Public Utility Commission may grant in its discretion after public hearing and a showing by the public utility of probable entitlement to a rate increase and financial need. In terms of definition, your Committee intends that the term "financial need" be deemed to include financial hardship.

Finally, the bill has been amended to clarify the law covering appeal procedures. As amended, the bill provides that only parties to a contested case proceeding, commonly referred to an economic hearing, have the right to appeal a decision of the Public Utilities Commission to the Hawaii Supreme Court.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2374-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2374-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 514-76      Finance on H.B. No. 2691-76

The purpose of this bill is to re-designate the Center for Labor-Management Education at the University of Hawaii and establish it as the Center for Labor Education and Research.

The Center shall (1) provide labor education instruction, labor-related research and educational services for workers and their organizations; (2) provide labor-related education to the public; (3) advise and assist in the development and implementation of labor-related instructional programs, courses and activities for use within the Department of Education; including teacher preparation therefor; (4) advise and assist in the development and implementation of labor studies degree programs in the University of Hawaii system; and (5) be the clearinghouse for labor education matters in the State.

The 1975 Legislature appropriated funds to conduct a study on Labor Education. This report has been submitted to the Legislature and this bill incorporates the recommendation of the report.

The expressed need and desire for specialized education and training by workers and leaders of trade unions to improve their professional competence in order to effectively administer their affairs, to improve their ability to intervene wisely in shaping their environment on the job, in their unions, and in the community while commendable, has neither been adequately nor effectively addressed by educational institutions of the State. Moreover, the substantial contributions by organized labor to the improvement of social, political and economic well-being of our citizenry is largely unknown by the public at large. Segments of organized labor testified that statutory redesignation was necessary to improve the delivery of labor education services.

This bill meets the need for specialized labor education to be provided by the University of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of H.B. 2691-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 515-76      Consumer Protection and Commerce on H.B. No. 2103-76

The purpose of this bill is to amend the Standard Valuation and Nonforfeiture provisions of the insurance law to increase from three and one-half per cent to four per cent the rate of interest life insurers can use in their actuarial calculations to establish policy reserves and nonforfeiture benefits which must be guaranteed policyholders.

Your Committee was informed by the Insurance Commissioner's Office that the bill is based on amendments to the Model National Association of Insurance Commissioners (NAIC) Standard Valuation Law and the NAIC Standard Nonforfeiture Law which were adopted by the NAIC in December 1972. The amendments to the existing valuation and nonforfeiture law have already been adopted, as recommended by the National Association of Insurance Commissioners, by 41 states.

The Department of Regulatory Agencies testified that the bill in its original form does not incorporate all of the provisions of the Model bill and recommended that the bill be amended to include the missing provisions. Accordingly, your Committee has amended the bill to include provision which:

- (1) Establish new valuation mortality standards for annuity and pure endowment contracts in the 1971 Group Annuity Mortality Table and the 1971 Individual Annuity Mortality Table;
- (2) Allow for the use of interest rates not to exceed six per cent for group annuity/pure endowment contracts and individual single premium immediate annuity contracts and four per cent for all other individual annuity/pure endowment contracts, to January 1, 1986;
- (3) Establish an operative date of January 1, 1979 or earlier at the election of each company for the amendments discussed above;
- (4) Establish a January 1, 1986 cut-off date for the increase in rates allowed by the original bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2103-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2103-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 516-76 Consumer Protection and Commerce on H.B. No. 2617-76

The purpose of this bill is to clarify what constitutes unlicensed activities under the laws dealing with electricians and plumbers (Chapter 448E, Hawaii Revised Statutes).

Under present law, it is declared unlawful for any person to act or assume to act as an unlicensed electrician or plumber. No mention is made of the different classes of licenses and there is no exception to allow apprentices to perform electrical or plumbing work. This bill clarifies the prohibition against unlicensed activities by specifically stating that no person can perform work in a particular classification unless licensed to perform such work. Further, an exception to the licensing requirements is made for apprentices learning the trades of electrician or plumber under the supervision of an appropriately licensed person.

In order to avoid a possible conflict between Chapter 448E and Chapter 448H which deals with elevator mechanics, your Committee has amended the bill to make clear that elevator mechanics, who are authorized under Chapter 448H to do certain electrical work in the course of their duties as elevator mechanics, may perform such work without obtaining an electricians license.

As originally introduced, the bill also amended 448E-5, by adding definitions of the terms "experience in the trade" and "equivalent experience" as used in relation to the qualifications needed to obtain a license as a journeyman electrician, a journeyman specialty electrician, a supervising electrician, or a supervising specialty electrician. Based on the testimony received from the Board of Electricians and Plumbers that an amendment to the law is unnecessary because the terms are already defined in the rules of the Board, your Committee has amended the bill to delete the proposed amendment.

Your Committee has also amended the bill to delete a proposed new section to Chapter 448E which would have required that no more than one apprentice electrician or plumber be employed on any construction project for each journeyman electrician or plumber employed on the project. Your Committee is in agreement with the testimony of the Board of Electricians and Plumbers that a one-to-one ratio of journeymen and apprentices would not necessarily result in a higher level of competency or quality of work and could result in higher construction costs.

Your Committee is in accord with the intent and purpose of H.B. No. 2617-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2617-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 517-76 Consumer Protection and Commerce on H.B. No. 2299-76

The purpose of this bill is to clarify Section 507-49, Hawaii Revised Statutes, as it relates to denial of lien rights to unlicensed contractors.

In 1974, the legislature passed Act 113, which amended Section 507-49 to deny lien rights to contractors required to be licensed under Chapter 444, Hawaii Revised Statutes, but who are not so licensed. However, the section as presently worded may be construed as denying lien rights to persons who may meet the definition of general contractor under the laws dealing with lien rights (Chapter 507), and who are not licensed under Chapter 444 because they are exempt from the licensing requirement of that chapter. This bill amends Section 507-49 to clarify the intent of that section to deny lien rights only to contractors required to be but not licensed under Chapter 444 and not to deny lien rights to persons who are licensed under other appropriate laws.

Your Committee has amended the bill to correct typographical errors and for clarity. Such amendments 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. 2299-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2299-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 518-76 Finance on H.B. No. 2000-76

The purpose of this bill is to establish a program of repair and maintenance of public

facilities and stimulate job opportunities for trades affected by unemployment.

Data for 1975 indicate that employment in contract construction trades was down almost 12 per cent from the preceding year. This reflects the trend in recent years of a slowdown in construction activity, a trend expected to continue in the near future.

The repair and maintenance of public facilities is a promising program which your Committee believes can be used to combat unemployment. Repair and maintenance activities are labor-intensive; they involve trades sharply affected by unemployment; the program itself has not received the attention and it should, particularly with respect to the protection of public investment through preventive maintenance; and the program can be accelerated now without the long lead time required for major construction projects.

Your Committee has amended the appropriation figures to reflect \$5,000,000 to AGS 807-Physical Plant Operation and Maintenance; \$1,000,000 to AGS 233-Repair and Alterations; \$1,200,000 to UOH 106-Institutional Support, UOH Manoa; \$360,800 to UOH 903-Institutional Support, UOH System-Wide Support; \$350,000 to UOH 206-Institutional Support, UOH Hilo; and \$300,000 to UOH 405-Institutional Support, Hawaii Community College.

In considering this bill, your Committee was aware that Act 195, Session Laws of Hawaii 1975, already appropriates nearly \$9.5 million for contractual repair and maintenance. Your Committee was also made aware of the release of approximately \$2.5 million for school repairs and maintenance from Act 66, Session Laws of Hawaii 1971. These amounts together with the appropriations authorized in this bill, make available nearly \$20 million for contractual repair and maintenance in the 1975-77 fiscal biennium.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2000-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2000-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 519-76      Water, Land Use, Development, and Hawaiian Homes and  
Environmental Protection on H.B. No. 2941-76 (Majority)

The purpose of this Act is to amend Chapter 188 by requiring a permit for the removal of coral within the territorial waters of Hawaii and to amend Chapter 205-33, subsection (a), HRS, to delete the word "coral" as it pertains to the removal of sand, rock, soil and beach compositions from the shoreline and adjacent water areas.

Your Committees find that this measure will strengthen the Department of Land and Natural Resources' existing authority to manage and protect the State's coral resources and at the same time permit proper and productive utilization of the State's precious corals.

Your Committees have amended the bill to enable the Department of Land and Natural Resources to promulgate rules and regulations consistent with the protection and management of the coral resources. The harvest of precious corals is the basis for a small but significant industry. These corals are harvested at a rate that does not exceed that of replacement. Your Committees have amended subsection (b) to read as follows:

"(b) The Department shall provide for the issuance of coral removal permits by rules established pursuant to chapter 91 and in conformity with this section. Such rules shall limit removals to those for research, educational, and scientific purposes, or removal to prevent or arrest disease or protect the health of coral beds, except that removals of precious corals for commercial purposes may be permitted at rates not exceeding those of natural replacement."

Sub-section (c) has been amended to allow the Department discretion in setting fees for the issuance or renewal of permits. Further, the issuance of permits has been limited to only individuals involved in the removing of coral. Adequate control is achieved by keeping each individual permittee directly accountable for his or her actions. Therefore, the last sentence has been deleted from sub-section (c). Sub-section (d) has been amended to clarify the language.

To facilitate the enforcement aspects by the DLNR, sub-section (f) has been reworded and a new sentence added on line 23 of page 2 to read:

"There is a rebuttable presumption that anyone found in possession of coral on or within the waters of Hawaii removed that coral from the waters of the State."

Sub-section (g) has been deleted. The words "for a period of one year" has been deleted from sub-section (e) on line 18 of page 2. In view of the time expiration your Committees have deleted the reference to sand mining operations on lines 13 through 18 on page 3.

At present it is virtually impossible to control the taking of coral through the enforcement of existing statutes. Sections 7-3 and 205-33, HRS, are in direct conflict with each other since Section 205-33 permits the removal of coral for only "reasonable domestic, non-commercial use" while Section 7-3 authorizes the taking of coral. Therefore, your Committees have made further amendments by including Section 7-3, HRS, in H.B. No. 2941-76 and deleting the word "coral" wherever it appears, and the provision: "In places other than the City and County of Honolulu, coral may be taken for curio purposes."

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. 2941-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2941-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives  
Roehrig, Clarke, Larsen, Hakoda and Lum.

Representative Fong did not concur.

SCRep. 520-76            Consumer Protection and Commerce on H.B. No. 2130-76

The purpose of this bill is to remedy various problems in the Residential Landlord-Tenant Code.

The bill changes the following sections of the Code:

(1) Section 521-42 Landlord to supply and maintain fit premises

The amendment to this section is taken from H.B. No. 3017-76, which proposes various amendments to the Landlord-Tenant Code. During the hearing on H.B. No. 3017-76, your Committee received testimony from the Office of Consumer Protection that tenants have complained to that office because security deposits are sometimes withheld based on damages to an apartment or furnishings which were in existence at the time the tenant took occupancy. Your Committee believes that such disputes over the condition of the rented premises can be remedied to a great extent by requiring a written inventory of the premises when the tenant takes occupancy. To this end, the bill amends Section 521-42 to require that the landlord make a written record of the condition of the premises prior to or at the time of occupancy by the tenant with a copy of such record to be supplied to the tenant. As originally proposed in H.B. No. 3017-76, the inventory was required to be made within five days of the date of initial occupancy and the burden of proof as to the accuracy of the record in any proceeding was placed on the landlord. Your Committee believes the purpose of the inventory will be better served if the inventory is made prior to or at the inception of the tenancy and the burden should not be placed on the landlord in every case; therefore, the bill has been amended accordingly.

Section 521-45 Limitation of landlord and management liability

Under present law, a landlord who sells a dwelling unit subject to a rental agreement is relieved of any further liability under the agreement except for any security deposit tendered by the tenant, but is not specifically required to inform the new owner of the agreement. This bill requires the landlord-vendor to notify the vendee, in writing, of the rental agreement prior to the sale and makes the new owner who purchases with knowledge of the agreement liable thereunder.

Your Committee is in agreement with these provisions of the bill but feels that the former landlord should not continue to be held liable to the tenant for the security deposit because section 521-44(f) provides that the new owner is liable for the security deposit. Therefore, the bill has been amended to delete the provision in the present law making the landlord-vendor liable for tenant security deposits after sale of the dwelling unit.

Section 521-61 Tenant's remedies for failure by landlord to supply possession

At the present time, a tenant has no remedies if the landlord puts him in possession of the rental unit at the agreed time but not in the agreed upon condition because his remedies only apply if the landlord fails to put him in possession at the agreed upon time. The bill addresses this shortcoming, expanding the applicability of section 521-61 to make the remedies therein enumerated applicable to a landlord's failure to put the tenant into possession of the dwelling unit in the agreed condition as well as at the agreed time.

Section 521-69 Landlord's remedies for tenant's waste, failure to maintain, or unlawful useSection 521-72 Landlord's remedies for improper use

Testimony received by your Committee indicated that the present thirty day waiting period before a landlord can recover possession of a dwelling unit from a tenant who has breached the terms of the rental agreement is burdensome to both landlords and neighboring tenants who may be affected by the actions of the breaching tenant. The bill addresses this problem by reducing the thirty day period to fifteen days. As originally introduced, the bill also deleted the provision of Section 521-72 which provides that a landlord may bring an action for summary possession within thirty days after notification of the tenant of the breach if the breach recurs or continues. Your Committee is informed that the deletion was inadvertent on the part of the drafter of the bill and the bill has been amended to correct the error.

As originally considered by your Committee, the bill contained an amendment to Section 521-62, which sets forth the tenant's remedies for termination of the tenancy at the beginning of the term, to add a provision that the tenant shall be entitled to damages in the amount of reasonable moving expenses. Your Committee has deleted this proposed amendment as unnecessary as it believes that the tenant already has the right, under general law, to recover such damages.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2130-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2130-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 521-76 Consumer Protection and Commerce on H.B. No. 3110-76

The purpose of this bill is to strengthen the regulation of industrial loan companies in an orderly and equitable manner in order to protect depositors.

This is accomplished by your Committee by amending Hawaii's Industrial Loan Law, Chapter 408, Hawaii Revised Statutes, to: (1) increase the cash or security reserve; (2) place limits on affiliate (insider) transactions; (3) place limits on loans and investments involving a single obligor; (4) require collateral for certain loans; (5) place those responsible for the management of industrial loan companies under increased responsibility to protect the interests of depositors; and (6) empower the bank examiner to promulgate rules and regulations to improve administration of the law.

Industrial loan companies, commonly called finance companies, operate in much the same way that banks and savings and loan associations do. They receive substantial demand public deposits and put these funds to work by making loans. In recent years the public in Hawaii has come to regard industrial loan companies in much the same way it does banks and savings and loan associations. They are generally thought of as safe investments, although not insured. No substantial risk to funds deposited in such institutions is perceived.

However, risk to the depositor does exist. Recently, depositor losses have been averted only because of the willingness of a large bank to assume the deposit liabilities of a troubled finance company. Such a large scale acquisition obviously is not an adequate long term solution to the problem of protecting depositors. Moreover, such acquisitions tend to further extend the influence of already large financial institutions, something your Committee seeks to avoid.

Difficulties experienced by some industrial loan companies have been generally caused

by three factors:

The first is the practice of making loans to parent companies or to other affiliates of the industrial loan company. There are no limits on such transactions by industrial loan companies. These transactions inherently involve more risk than normally occurs in an arm's length transaction with a third party. This is because the transaction is controlled and motivated from the borrower's rather than the lender's point of view. Large holding companies in Hawaii as elsewhere have established industrial loan companies as subsidiaries. These companies then receive public deposits and make loans to the parent or another of its subsidiaries. In this manner, capital for various business ventures is raised. These holding companies have in effect used industrial loan companies as private banks.

The second cause of the present difficulties in the industrial loan industry is its recent explosive growth. At the end of 1969, industrial loan companies in Hawaii had \$104 million in public deposits. On June 30, 1975, this figure had nearly quadrupled to \$412 million. This rapid influx of deposits leads to hasty and as a result sometimes ill-advised management decisions concerning the advisability of particular loans. The cumulative effect of many hurried loan decisions made at the height of this rapid influx of deposits is only now being fully experienced. Ill advised management decisions, of course, can be discovered by the bank examiner only after they have been made. At that point nothing can be done to reverse the transaction.

The third factor is the recent downturn in the real estate market. Although this downturn may be temporary, your Committee believes that the loan portfolio of industrial loan companies who have been quite strong in real estate lending must become subject to more stringent scrutiny and control.

Although they function much as banks and savings and loan associations do, industrial loan companies are subject to only three substantial controls. These include: (1) a requirement that there be \$100,000 in paid-in capital; (2) a requirement for a cash or security reserve equal to 4% of deposit liabilities; and (3) a requirement that its certificates and/or debentures (its deposits) not exceed ten times the company's paid-in capital. These requirements should be expanded. There are no limits on loans to affiliates, no limits on the amount which can be loaned to a single borrower, and no requirement for collateral on loans. Banks and savings and loan associations are under such limits.

Further, even where it can be shown that an industrial loan company does not meet an existing requirement, there is often little that can be done under existing law to remedy the situation. Companies get into difficulties over a considerable period of time as a result of a long series of poor management decisions. Once a company's security reserve or equity ratio is inadequate, for example, there is not very much that can be done by the regulators. What the company needs is cash. The ultimate tool of the bank examiner in dealing with unsafe companies is the appointment of a receiver. This drastic step, however, necessarily undermines public confidence in the institution. Even healthy institutions could not withstand the effects of such a step. Such action therefore may operate against the interests of depositors.

Your Committee through this bill establishes a series of reforms intended to insure that industrial loan companies are operated in a safe manner. These reforms are as follows:

- (1) The security reserve is increased in two steps (Section 3). Five per cent of deposits is to be maintained by January 1, 1977. Seven per cent of short term deposits and five per cent of long term deposits is to be maintained by January 1, 1978. We believe these percentages are reasonable. The bill provides methods for computing the amount of the security reserve and empowers the bank examiner to order the companies to correct deficiencies.
- (2) Limitations are established on loans to and investments in affiliate companies (Section 4). The bill requires approval of the bank examiner prior to new investments in affiliates. Existing investments must be reduced to no more than fifty per cent of capital and surplus over a six year timetable. The bill limits unsecured loans to affiliate companies to not more than 5 per cent of paid-up capital and surplus of the industrial loan company. The measure further requires that secured loans to affiliates be reduced to fifty per cent of capital and surplus over a six-year schedule. This section also requires that the Board of Directors of the industrial loan company approve any loan advance or extension of credit to any officer, director or beneficial owner

of more than 10 per cent of the company. While not prohibiting insider transactions altogether, this provision significantly limits transactions motivated from the point of view of the borrower rather than that of the industrial loan company.

- (3) Limitations are established on loans to or investments in any single person (Section 5). The bill limits investments in any single primary obligor to not more than 25 per cent of the capital and surplus of the industrial loan company. Unsecured loans to a single obligor are limited to not more than \$25,000 or five per cent of capital and surplus, and secured loans are limited to fifty per cent of capital and surplus except where secured by mortgages on real property. This provision will prohibit industrial loan companies from taking too much risk with any single borrower.
- (4) Collateral requirements are established for certain loans (Section 6). The bill requires that loans which exceed \$25,000 be secured by collateral and that the loan not exceed ninety five per cent of the fair market value of the collateral. Affiliate loans may not exceed eighty per cent of the fair market value of the collateral. If the collateral is raw land the loan may not exceed seventy per cent of the fair market value of the land.
- (5) Those directly involved in the management of industrial loan companies are placed under new and increased duties to protect the interests of their depositors (Section 7). The bill provides that any officer, director or beneficial owner of more than 10 per cent of the outstanding stock of an industrial loan company who wilfully participates in or approves any transaction in violation of the chapter is subject to removal from office and to a fine not to exceed \$1,000 for each violation. This authority is necessary to insure that companies take those steps required to protect the interests of the depositors. As stated, receivership is simply no longer an adequate enforcement mechanism.
- (6) Transactions involving minors. (Section 8). The bill also includes a measure which provides that minors may open and close thrift accounts in industrial loan companies and that such transactions will be binding notwithstanding the depositor's minority. Banks and savings and loan associations are governed by a similar provision.

The bill further provides that the bank examiner may promulgate rules and regulations necessary for the effective administration of Hawaii's Industrial Loan Company Act (Section 9).

Finally, the bill provides for a transition period during which companies in violation of the new requirements on the effective date of this Act can work toward meeting those requirements. Section 11 of the bill provides that companies shall within 180 days submit their financial plans for achieving compliance which shall be not later than December 31, 1978, except as otherwise provided in this Act.

Your Committee is in agreement that these controls on the industrial loan industry will not only protect the depositor but will also both strengthen the public confidence in this industry and strengthen the industry itself.

Upon consideration of this measure, your Committee has amended the reserve requirements to provide for a more equitable phasing from the existing four per cent to five and seven per cent in 1977 and 1978. This reserves may now be computed from all government, including state and county, securities and direct obligations so as to reaffirm your Committee's confidence in the ability of this State and its counties to meet their obligations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3110-76, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. 3110-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

at the State and county levels to ensure that environmental policies of the Legislature are tendered appropriate consideration throughout the planning and review processes by amending Chapter 343, Hawaii Revised Statutes.

Your Committee finds that H.B. No. 2012-76 was introduced as a short form bill relating to Chapter 343, Hawaii Revised Statutes. H.B. No. 2012-76, H.D. 1, sets forth Sections 1, 4, 5, and 6 of Chapter 343 and makes numerous amendments thereto.

Section 343-1, Definitions, is amended by Section 1 of the bill as follows:

1. 343-1(1) is amended by deleting "by an agency, the governor of the State, or the mayor of a county," from lines 5-6, deleting "document required to be filed pursuant to section 343-4 fulfills the definition of an" from lines 7-8, and deleting "," from line 9, all on page 1;

2. 343-1(3) is amended by adding a comma after "office" and deleting "or" on line 14, adding a comma after "commission" on line 15 and deleting the subsequent portion of line 15 and all of line 16, and adding "bureau, or other unit of the State or county government, excluding only the state legislature." at lines 17-18, all on page 1;

3. A new definition is added for the word "approval" and designated 343-1(5), at lines 4-6 of page 2, to reflect that an E.I.S. is no longer required where agency approval is ministerial;

4. A new definition is added for the word "discretionary" and designated 343-1(7), at lines 8-12 of page 2, reflecting the Committee finding that an E.I.S. is not a logical requirement where the approving agency lacks authority to require more than "compliance with specifically enumerated technical standards.";

5. 343-1(6) is redesignated as (8), "the" is substituted for "applicable" at line 15, and "effects of a proposed action on the economic and social welfare of the community and State, effects of the economic activities arising out of the proposed action" is deleted from lines 17-20, all on page 2; and

6. 343-1(8) "Significant effect" is deleted in its entirety at lines 3-9 of page 3 and replaced by 343-1(10), "Significant environmental effect", at page 3.

Section 343-4, Applicability and requirements is amended by Section 2 of the bill as follows:

1. 343-4(a) is amended by adding "actions which will probably have significant environmental effects and which" at lines 22-23 of page 3;

2. 343-4(a)(1) is amended by deleting "Any actions which will probably have significant effects and which" from lines 1-2 and the last "s" from "Proposes" at line 2, both on page 4;

3. 343-4(a)(2) is amended by deleting line 9 of page 4 entirely;

4. 343-4(a)(2)(A) is amended by deleting "(A) All actions proposing" and adding "(2) Propose" at line 10, adding a "." after "205" at line 12 and deleting "which will probably have significant environmental effects." at lines 12-13, all on page 4;

5. 343-4(a)(2)(B) is amended by deleting "(B) All actions proposing" and adding "(3) Propose" at line 14, deleting "within 300 feet seaward of it" at lines 15-16, adding "which requires a permit under Chapter 205-A, II, Hawaii Revised Statutes" at lines 16-17, and deleting "which will probably have significant environmental effects" at lines 17-18, all on page 4;

6. 343-4(a)(2)(C) is amended by deleting "(C) All actions proposing" and adding "(4) Propose" at line 19, and deleting "which will probably have significant environmental effects" at lines 23-24, all on page 4;

7. 343-4(a)(2)(D) is amended by deleting it entirely and adding "(5) Propose any use within the historic, cultural and scenic districts established by the county councils.", at lines 1-9 of page 5;

8. 343-4(a)(2)(E) is amended by deleting "(E) All actions proposing" and adding "(6) Propose" at line 10, deleting "and which will probably have significant environmental effects," at lines 13-14, and deleting "all" at line 14, all on page 5;

9. 343-4(a)(2)(E) is further amended by adding new language at lines 16-20 of page 5 to provide that "An amendment . . . initiated by a county . . . at the request of a private party . . . shall not be considered an amendment initiated by a county for the purposes of this section.";
10. 343-4(b) is amended by deleting "to implement" at line 22, deleting line 23 entirely, deleting "county funds," at line 24, adding "which falls into any of the foregoing categories, 1-6," at lines 24-25 and deleting "funds to be used for" at line 25, all on page 5;
11. 343-4(b)(1) is amended by deleting "; or" at line 21, and adding "or a state agency proposing an action under categories 1-6, section 343-4(a)." at lines 21-22, both on page 6;
12. 343-4(b)(2) is amended by deleting "only" at line 1 on page 7;
13. 343-4(b) is further amended by deleting "the use of state or county lands for state or county funds in implementing" at lines 4-5 and adding "implementation of the" at line 5, both on page 7;
14. 343-4(c) is amended by deleting "to implement" at line 11, deleting "(2)" and "and" at line 12, adding "(1-6)" at line 12, adding "and which is not included in any of the lists referred to in section 343-5" at lines 13-14, deleting "; " and "provided that the" at line 17, and by adding ".A" at line 17, all on page 7;
15. 343-4(c) is further amended by adding a provision for phasing and supplementing the E.I.S. to conform to the phases of approval by adding line 24 of page 7 and lines 1-5 of page 8, and by deleting "initially" at line 15 of page 8;
16. 343-4(f) has been amended by deleting at lines 4-8 of page 10 the requirement of submittal of draft statements under Public Law 91-190 to the Environmental Quality Commission 30 days prior to submission to the C.E.Q. as this was found to be an unnecessary requirement;
17. 343-4(f) has been further amended by adding "the" at line 8, replacing "approved" with "accepted" at line 9, deleting ", " at line 10, replacing "or" with "and" at line 11 and deleting "only" at line 13, all on page 10 of the bill; and
18. 343-4(g) has been amended by replacing "approved" with "accepted" at line 16 and by adding ", or phase of action," at line 17 and 19, all on page 10.

Section 343-5, Rules and Regulations, has been amended as follows:

1. 343-5(3) has been amended by replacing "approval or disapproval" with "acceptance or non-acceptance" at lines 11 and 12 of page 11;
2. 343-5(6) has been amended by deleting "(1) and sections 343-4(a)(2)" at lines 18 and 19 of page 11;
3. 343-5(7) has been deleted in its entirety at lines 22-23 of page 11 and 1-5 of page 12 inasmuch as its requirements are subject to the requirements in 343-5(6); and
4. 343-5(8) has been renumbered to reflect the deletion of 343-5(7).

Section 343-6, Limitations of actions, has been amended as follows:

1. 343-6(a) has been amended to correct a drafting error by spelling out "180" on lines 17 and 22;
2. 343-6(a) has been further amended by adding a period after "action" on line 19 and deleting "or" to produce a more readable paragraph of two sentences, on page 12;
3. 343-6(b) has been amended by adding the words "appropriateness of a " at line 2 of page 13; and
4. 343-6(c) has been amended by deleting "only" and adding "the environmental quality commission" at lines 9-10, adding "by the environmental quality commission are unlimited, and those of any party" at lines 14-15 and by deleting "by the plaintiff" at line 16, all on page 13.

Your Committee on Environmental Protection is in accord with the intent and purpose of H.B. No. 2012-76 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2012-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hakoda and Larsen.

SCRep. 523-76 Health and Labor and Public Employment on H.B. No. 2271-76

The purpose of this Act is to ensure that the health care benefits provided to employees in a collective bargaining agreement are as favorable as the benefits provided by the Prepaid Health Care Law.

The Prepaid Health Care Law does not prescribe any standards which must be met by negotiated plans. The Department of Labor and Industrial Relations reported that a number of such plans are deficient in the areas such as: (1) providing less than the stipulated 120 days of hospital confinement; (2) excluding from coverage or provide less than adequate coverage with respect to room accommodations, use of operating room, surgical supplies, anaesthesia services and supplies, drugs, etc; (3) not paying from the first visit; or (4) excluding maternity benefits.

Your joint Committees feel that the upgrading of deficient collectively bargained health care plans would be a significant advance in alleviating the employee's financial burden of meeting the spiraling costs of hospital and medical care.

Your Committees on Health and Labor and Public Employment are in accord with the intent and purpose of H.B. No. 2271-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Mizuguchi, Peters and Amaral.

SCRep. 524-76 Labor and Public Employment on H.B. No. 2723-76 (Majority)

The purpose of this bill is to eliminate potential conflicts of interest on the part of attorneys representing the Hawaii Public Employment Relations Board (HPERB), by providing that an attorney employed by the Board as a full-time staff member may represent the Board, and shall not be deemed to be a deputy attorney general.

Section 103-3, Hawaii Revised Statutes, provides that attorneys employed by any department on a full-time basis shall become deputy attorneys general. Because of HPERB's unique role of adjudicating cases in which the State, represented by the office of the attorney general, is a party litigant, there exists a clear danger that HPERB attorneys, if designated as deputy attorneys general, would be in a conflict of interest situation, especially on appeals in which the State and HPERB are adversaries. This bill would eliminate this potential conflict of interest.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2723-76, 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 Mizuguchi and Naito.

Representative Sutton did not concur.

SCRep. 525-76 Labor and Public Employment on H.B. No. 3165-76

The purpose of this bill is to enhance the opportunity for summer public works employment for students by allowing the establishment by the director of labor and industrial relations of special rates and classifications for students which may be below the prevailing rates stipulated by public works contracts.

Your Committee has made the following amendments to H.B. No. 3165-76.

- (1) A purpose clause was added to emphasize that this bill is not intended to displace

or in any way interfere with employment opportunities for regular employees.

(2) The employment period for students was amended to commence on May 15 rather than June 1.

(3) To enable the contracting industries to have maximum input and participation, the bill was amended to provide that the contractor of the public work, and not the director of labor and industrial relations, may establish rates and classifications for students, subject to the approval of the director.

(4) To ensure that students receive legally adequate compensation, the bill was amended to provide that although student wage rates may be established below prevailing rates, they cannot be below the legal minimum wage as specified by chapter 387.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3165-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3165-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Mizuguchi and Naito.

SCRep. 526-76 Labor and Public Employment on H.B. No. 3288-76

The purpose of this Act is to add a new section to the Hawaii Revised Statutes to provide that the State and the several counties may require all officers and employees in its service, including job applicants, to provide social security numbers.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3288-76 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 Mizuguchi and Naito.

SCRep. 527-76 Labor and Public Employment on H.B. No. 2944-76  
(Majority)

The purpose of this Act is to add a new category of service to be excluded from the Hawaii employment security law. The new category excludes service performed by off-duty police officers in connection with traffic escort services; traffic control services at construction sites, athletic contests and private social events; and security and peace-keeping activities for private parties.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2944-76 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 Mizuguchi and Naito.

Representative Takamine did not concur.

SCRep. 528-76 Labor and Public Employment on H.B. No. 2904-76

The purpose of this bill is to amend Chapter 396, HRS, the Hawaii Occupational Safety and Health Law.

Your Committee has amended the bill to protect workers who, in accordance with the regulations under Chapter 396, are required to be trained and certified in first aid from civil damages arising out of the rendering of such aid from essence, this extends the "Good Samaritan" concept to those who may render first aid as a subsidiary part of their normal working duties.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2904-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2904-76, H.D. 1, and be placed on the

calendar for Third Reading.

Signed by all members of the Committee except Representatives Mizuguchi and Naito.

SCRep. 529-76      Public Assistance and Human Services on H.B. No. 2533-76

The purpose of this bill is to amend Section 346-19 Day Care Centers Defined, Hawaii Revised Statutes, by clarifying the definition of family home care to be consistent with the definition of group care.

The statute presently specifies that the term day care center includes any place where group care is provided for six or more children, and any family home providing care for two to six children. The present wording implies that day care for a group of six children may be classified as either family care or group care. This bill would substitute "five" for "six" in the definition of family care.

Testimony from the Department of Social Services and Housing supported this amendment to Section 346-19 and recommended further, that the definition of family care be expanded to include care for one to five children on the basis that all children should be afforded the protection that licensing, as provided for in Section 346-18, may assure. The Department feels that this amendment would also enable identification of a greater number of day care providers for the purpose of offering them supportive services. There are presently 225 licensed family day care homes in Hawaii.

Your Committee finds that the Department does not have adequate staff to keep abreast of the current volume of license renewals. Presently there is a three month backlog of facilities awaiting re-licensure. Your Committee finds further, that amending Section 346-19 to include care for one child may decrease, rather than increase, the availability of family care services due to the additional costs of obtaining a general excise tax license and paying higher rates for newspaper advertising, incurred as a result of licensure. Persons caring for only one child may no longer wish to provide their services.

Your Committee does not recommend amending this bill as proposed by the Department.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 2533-76 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. 530-76      Public Assistance and Human Services on H.B. No. 3113-76

The purpose of this bill is to repeal Act 176, Session Laws of Hawaii 1937, which appropriated \$7,500 annually for the maintenance of five free maternity beds at Kapiolani Maternity and Gynecological Hospital for indigent patients.

Testimony from the Department of Social Services and Housing fully supported this bill. In recent years, the Hospital has not filed claim for reimbursement pursuant to Act 176. Public assistance recipients and others judged to be medically needy are adequately covered by Medicaid and other health care programs.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 3113-76 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. 531-76      Health on H.B. No. 3247-76

The purpose of this bill is to amend Chapter 328, the Hawaii Food, Drugs and Cosmetics Act, by adding a new subsection to Section 328-6, which would prohibit the willful and false representation of any devices, substance, method, or treatment as effective in the diagnosis, cure, mitigation, treatment, or alleviation of cancer.

Presently, proponents of ineffective cures for cancer prey on the fears and hopes of the person who has cancer and prevents them from benefiting from proven methods of treatment. Delays in seeking and using proven diagnostic methods for cancer detection adversely affects the individual's ability to benefit from treatment efforts; fraudulent misrepresentation of diagnostic and healing methods of the public greatly decreases chances for recovery and remission.

Your Committee on Health has amended this bill by correcting a typographical error on line 9.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3247-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3247-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 532-76      Health on H.B. No. 3248-76

The purpose of this bill is to promote an effective developmental disabilities program by placing the developmental disabilities council within the Department of Health: by restating the definition of "developmental disability"; and by clarifying the responsibilities of the council.

Act 198, Session Laws of Hawaii 1975, established the developmental disabilities council in the office of the governor. The purpose of placing the council in that office was to provide impetus for greater action and program development of services for the developmentally disabled. One of the tasks of the council was to design a developmental disabilities plan which would integrate the activities of the various agencies and align them with the purpose of the program. The council submitted a document entitled, "A plan for services for the Developmentally Disabled 1976-1980," which provides the framework and direction for a statewide developmental disabilities program.

With the submission of the plan, the developmental disabilities program enters a new phase. The purpose of the council will now shift from research and development to one of advocacy and monitoring of the recommendations set forth in the plan. Since the major portion of the direct services program is administered by the department of health and the fact that the department does have the fiscal, personnel, and technical services necessary to carry out the functions of the program, your Committee feels that the council should be in a position to have direct communication with personnel involved in program implementation. Therefore, your Committee feels that in view of the changing emphasis on the functions of the council, it would best serve the continuing growth of the developmental disabilities program by transferring the council to the Department of Health for administrative purposes.

In view of the transfer of the developmental disabilities council to the Department of Health, your Committee has also amended certain responsibilities of the council. The purpose of these amendments is to clarify the functions of the council as serving in an advocacy and review capacity and not become involved in program operations.

As part of the expanding services classified under "developmentally disabled" your Committee has amended its definition. Congress established a developmental disabilities act over the past years to bring together mental retardation, cerebral palsy, epilepsy, and neurological handicap conditions. Subsequently, autism and dyslexia have also been added to the list. Your Committee recognizes the increasing number of disabilities which are being placed under the broad term "developmental disabilities" and therefore feels that the present definition is too restrictive.

Your Committee on Health has amended H.B. 3248-76 as follows:

- (1) Section 333E-2, Hawaii Revised Statutes, has been amended to expand the definition of developmentally disabled to broaden the definition to "autism or other condition of a person found to be closely related to mental retardation because such condition results in similar impairment of general intellectual functioning or adaptive behavior to that of mentally retarded persons or requires treatment and services similar to those required for such persons, or is attributable to dyslexia resulting from such a disability, and which disability originated before such person attains age eighteen...."

- (2) Section 333E-3, Hawaii Revised Statutes, is amended to transfer the developmental disabilities council to the Department of Health and to clarify its functions with regard to the developmental disabilities program.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3248-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3248-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 533-76 Health and Labor and Public Employment on H.B. No. 2172-76

The purpose of this Act is to amend the Prepaid Health Care Law to require the continuation of coverage for an employee even though his hours of work are reduced to below twenty hours, if he continues to earn 86.67 times the minimum hourly wage for four consecutive weeks.

The present prepaid health care law requires coverage for an employee who works twenty or more hours a week and earns at least 86.67 times the established minimum hourly wage for four consecutive weeks.

Your joint Committees feel that continuous coverage for an employee who may have uneven work opportunity but is a bona-fide member of the work force is essential.

Further, when an employees work hours have been reduced it is unreasonable to impose a requalifying requirement and thus make it impossible for him to meet the eligibility requirements again. This measure would prevent such requalifying requirements and make it possible for the employee to enjoy continuous health care coverage with the provision that he at least earn the minimum qualifying wage.

Your Committees on Health and Labor and Public Employment are in accord with the intent and purpose of H.B. No. 2172-76 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 Mizuguchi, Peters, Yamada and Amaral.

SCRep. 534-76 Water, Land Use, Development, and Hawaiian Homes and Agriculture on H.B. No. 3253-76

The purpose of this bill is to amend Chapter 171, Hawaii Revised Statutes, by adding a new section authorizing the Board of Land and Natural Resources to subdivide public land for agricultural purposes for disposition in accordance with Chapter 171. This subdivision may be initiated in accordance with plans approved by the Board and may be implemented without regard to applicable county subdivision or zoning ordinances.

Your Committees have amended the bill by deleting specifics regarding minimum lot size. This amendment would provide for flexibility in determining economic units for various crop and livestock uses including highly intensive uses such as ornamentals and plant nurseries. Your Committees also believe that this amendment will enable the Board of Land and Natural Resources to reduce improvement costs.

Your Committee on Water, Land Use, Development, and Hawaiian Homes and your Committee on Agriculture are in accord with the intent and purpose of H.B. No. 3253-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3253-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Amaral and Lum.

SCRep. 535-76 Finance on H.B. No. 3333-76 (Majority)

The purpose of this bill is to establish a coordinating committee of task forces in the governor's office. The governor's administrative director will serve as chairman of the committee, and its members shall include the director of the Department of Planning and Economic Development and the chairmen of the Boards of Land and Natural Resources

and Agriculture. Annual reports to the Legislature will be required. The bill further provides that the governor's office will be the expending agency for the various task forces.

This bill is to assure effective coordination in responding to threatened communities by placing within the office of the governor the responsibility and authority to evaluate and approve requests for funding of programs designed to assist such economically depressed communities within the State and to monitor the programs so funded.

The statewide coordinating committee of task forces will formulate plans of action to alleviate such problems as unemployment, the replacement of displaced or relocated businesses, and to create or establish new businesses.

Your Committee recommends that the coordinating committee extends its concerns to problem areas on the island of Oahu. However, this recommendation is not reflected in the bill.

Your Committee has amended this bill by adding a new section 4 to limit the authority of the coordinating committee over existing task forces.

Your Committee has also appropriated funds for the purposes of this bill in the amount of \$1,200,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3333-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3333-76, H.D. 2.

Signed by all members of the Committee.

Representatives Clarke and Hakoda did not concur.

SCRep. 536-76      Finance on H.B. No. 3117-76

The purpose of this bill is to appropriate moneys for the publication and distribution of a revised booklet on the functions and operations of small claims court.

The publication of such a booklet would inform the public of the procedures followed by the small claims court. This booklet would be prepared in cooperation with citizens of the State who utilize such courts, and the judiciary may contract with another agency for publication.

This bill appropriates \$2,251 for the publication and distribution of the booklet.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3117-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 537-76      Finance on H.B. No. 3129-76

The purpose of this bill is to allow the State and private contractors to negotiate an extension to the bus contract on an annual basis, such extensions not to exceed a total of two years.

The findings in House Standing Committee Report No. 238-76 state that the Department of Accounting and General Services now requires contracts processed by the Department of Accounting and General Services are for a period of three years with an option to renew for another three years.

This bill limits the number of contract renegotiations to two annual extensions and limits the negotiated increase in compensation to not more than five per cent a year.

As to existing contracts, renegotiation options will be either for three years or under the limitations imposed by this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3129-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 538-76 Finance on H.B. No. 3456-76

The purpose of this Act is to formulate an Ad Hoc State Coordinating Committee to organize and convene a State Women's Conference.

The creation of an Ad Hoc State Coordinating Committee would enable the organization of a State Women's Conference at which time the concerns and evaluations of the status of women on a local level may be set forth. The State Women's Conference would serve as a focal point for comprehensive discussion on the role of women in economic, social, cultural and political development.

The sum of \$25,000 is appropriated to fund the Ad Hoc Committee to hire any necessary staff and cover necessary operating expenses to convene the State Women's Conference.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3456-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 539-76 Finance on H.B. No. 2919-76

The purpose of this bill is to establish a two-year pilot project to determine the effectiveness of the manpower training program administered by the community college system of the University of Hawaii in providing a job-oriented career opportunities program for secondary school students dissatisfied with curriculum offerings presently available to them. The legislative auditor is required to evaluate the pilot project.

There are secondary school students who have dropped out of school, or who are attending school without furthering the realization of their economic potentials, as a result of conventional educational programs and alternative programs not being suited to their interests, needs, and goals in securing desired job skills. While existing programs serve a sound purpose, there are students whose needs are not served by either the regular or alternative education programs, and whose needs should be served through the provision of suitable career opportunities programs through manpower training programs. The extension of present manpower training programs to secondary school age students may fill the education and training gap experienced by the target population, and the pilot program proposed by this bill would test the effectiveness of such programs on secondary school age students.

Your Committee has made a minor amendment to section 4 by deleting the proviso that refers to budgeting for the 1977-79 biennium. Your Committee chooses not to impose budgetary requirements or restrictions on matters for consideration by the Ninth Legislature when not absolutely necessary.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2919-76, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2919-76, H.D. 1.

Signed by all members of the Committee.

SCRep. 540-76 Finance on H.B. No. 2593-76

The purpose of this bill is to provide for sufficiency of notice to landowners whose property is the subject of forfeiture.

This bill proposes to ensure adequate notice to the owners of the land to be foreclosed.

Notice changes cover publications in newspapers, mail procedure and time limits.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2593-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 541-76 Finance on H.B. No. 2909-76

The purpose of this bill is to provide that the executive secretary of the Hawaii Housing

Authority and other individuals may be employed not subject to civil service regulations.

This bill also changes the title of "Special Assistant to Housing" to "State Housing Coordinator".

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2909-76 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 542-76 Finance on H.B. No. 2713-76

The purpose of this bill is to provide for adjustment of compensation, hours, terms, and conditions of employment and other benefits of public officers and employees excluded from collective bargaining. The bill provides that no compensation adjustments shall be made for officers or employees whose compensation is established by statute, charter, or ordinance.

Department heads and others in such managerial positions, including those covered by statutory provisions authorizing the governor to establish the salary, are excluded from this bill. Provisions are made for uniform implementation of adjustments. These adjustments shall be neither more nor less than that provided employees within the bargaining units.

Your Committee has amended this bill to clarify language and to specify that adjustments to be equal to what the employee would have received had he not been excluded from his collective bargaining units that the adjustments be uniform, and that the adjustments become effective at the same time as that of the included employees.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2713-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2713-76, H.D. 2.

Signed by all members of the Committee except Representative Amaral.

SCRep. 543-76 Finance on H.B. No. 2987-76

The purpose of this bill is to appropriate or authorize, as the case may be, monies to fund all collective bargaining cost items in the contracts negotiated with the bargaining representatives of eleven bargaining units, and the salary increases and other adjustments for the excluded employees.

Your Committee is recommending this bill for passage with amendments indicating token amounts of \$1. The intent is to meet the necessary procedure requirements for readings of this bill. It is expected that the appropriations necessary to meet the negotiated cost items will be added before final passage of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2987-76, 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. 2987-76, H.D. 1.

Signed by all members of the Committee.

SCRep. 544-76 Finance on H.B. No. 3141-76

The purpose of this bill is to provide that the burden of proving the correctness of assessments shall fall on the assessor in cases of real property tax appeals. In addition, this bill will adjust the costs of filing appeals.

This bill will require the assessor to prove the correctness of his assessments in appeals to the Board of Review or to the Tax Appeal Court. The maximum cost for appeals to the Tax Appeal Court will be increased to \$150.

Your Committee has amended this bill (page 2, line 20) to delete the minimum cost deposit of \$3.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3141-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3141-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 545-76 Finance on H.B. No. 682

The purpose of this bill is to lapse certain general fund appropriations which are unencumbered and which have not yet been lapsed by law.

Your Committee finds that in prior acts of the legislature, appropriations have been made for which there remain appropriations and appropriation balances which are unencumbered. The existence of these inactive appropriations obscures the true general fund position of the State. This is because the general fund balance at any point in time includes all appropriations, irrespective of whether the appropriation is being expended or not. The total amount of the appropriations which are to be lapsed is \$1,133,752.80.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 682, 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. 682, H.D. 1.

Signed by all members of the Committee.

SCRep. 546-76 Judiciary on H.B. No. 2782-76 (Majority)

The purpose of this Act is to amend the provisions of the law concerning campaign contributions and expenditures to provide for greater clarity. Your Committee has amended this purpose to also provide for necessary changes to conform to the U.S. Supreme Court decision in Buckley v. Valeo, 44 U.S.L.W. 4127, on January 30, 1976, and to the subsequent Attorney General's Opinion 76-2 which discusses the applicability of the U.S. Supreme Court ruling to the Hawaii Campaign Spending Law.

It is the opinion of your Committee that the amendments added in H.D. 1 of H.B. No. 2782-76 will carry out the intent and purpose stated. Because of the length of the bill, the major changes will be noted with a listing of the applicable sections. Pages on which there are no changes or minor housekeeping changes will be noted only where the intent of the provision needs explanation or clarification. The amendments are as follows:

1. Limitations on Expenditures

The U.S. Supreme Court determined that limits on campaign expenditures impermissibly burden the First Amendment right of freedom of expression by limiting the quantity of political speech. Your Committee has amended the following sections to remove provisions relating to campaign expenditures and their limitation:

- a. Section 11-200 Campaign contributions, restrictions against transfer.
- b. Section 11-203 Testimonial affairs and coffee hours.  
This section has been repealed in entirety because expenditure limitations are now void and because the limitations on the number of fund raising affairs constitute an invalid restriction of associational rights protected under the First Amendment.
- c. Section 11-203.1 Cost of fund raising. This section has been repealed in entirety.
- d. Section 11-204(c) Campaign expenditures: Authority required.
- e. Section 11-206 Campaign expenditures: Limits as to amounts.  
This section has been repealed in entirety.

2. Applicability to Committees Supporting or Opposing Ballot Issues

The Attorney General's opinion expresses the belief that the disclosure and reporting requirements cannot be applied to committees which support or oppose ballot issues because such disclosure would further no governmental interest. Your Committee has amended the following sections to remove provisions relating to committees supporting or opposing ballot

issues and questions:

- a. Section 11-191 Definitions of "committee", "contribution", and "expenditure".
- b. Section 11-197 Organizational reports.
- c. Section 11-199 Campaign contributions, generally.
- d. Section 11-200 Campaign contributions, restrictions against transfer.

3. Section 11-191 Definition of "Contribution"

The definition of "contribution" has been amended to clarify that a payment by a person, other than the candidate, of compensation for personal services of another person is a contribution only when made for the purpose of influencing the election of a person to office or when used for such purpose by a political party. This definition has also been amended to include the reporting of the use of a candidate's own funds towards his election.

4. Section 11-192 Campaign Spending Commission

This section has been amended to permit the reappointment of a person who has served as a commission member but whose name may no longer appear on the panel selected by the Judicial Council.

5. Section 11-195 Filing of Reports, Generally

Your Committee has amended this section to allow neighbor island candidates, committees, and parties to file their reports with either the commission or the county clerk as a convenience for filees who may be in Honolulu at the time of a filing deadline.

6. Section 11-204 Campaign Contributions: Authority Required

This section has been amended to define when an expenditure is made for reporting purposes. The title has also been amended to cover the broadening of the subject matter.

7. Section 11-208 Final and Supplemental Reports

This section has been amended to conform the contents of the final and supplemental reports to the contents of the preliminary reports, eliminating the expense of providing separate forms.

8. Section 11-210 Advertising

Your Committee recommends the repeal of this section and the accompanying definition in Section 11-191 because it feels that the requiring of a statement in an advertisement that it is published with or without the approval and authority of a candidate unduly restricts the right to freedom of speech as expressed in the Buckley opinion.

9. Limitations on Contributions

Your Committee has considered proposals that would limit the amount of money that could be contributed to a candidate or a committee and has decided not to recommend any amendments in this area. This law was created for the purpose of disclosing the contributions to and expenditures made in political campaigns and, as amended herein, already adequately provides for such disclosure to Hawaii's electorate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2782-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2782-76, 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. 547-76      Judiciary on H.B. No. 3217-76

The purpose of this Act is to amend Section 578-1, Hawaii Revised Statutes, in order to eliminate discrimination against certain physically handicapped persons desiring to adopt.

Your Committee is in agreement that the mere fact that a petitioner suffers in any degree from either blindness or deafness, but not both, should not be considered as grounds to deny the petitioner's petition to adopt.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3217-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 548-76      Judiciary on H.B. No. 2090-76

The purpose of this Act is to amend Section 121-26, Hawaii Revised Statutes, to provide that the attorney general shall defend all civil or criminal actions brought against any member of the army or air national guard or militia, arising out of events which reasonably occurred within the line or performance of duty.

Your Committee concurs that H.B. No. 2090-76 should be amended to provide that a deputy attorney general, special deputy, or the attorney general's appointee may defend such actions in place of the attorney general.

Also, your Committee feels that acts or omissions which reasonably appear to have occurred during the performance of service under this Act is preferable to the hard rule in H.B. No. 2090-76 that the acts or omissions occurred during performance in order to qualify for defense by the attorney general.

Further, your Committee concurs that such acts should have been reasonably done within the line or performance of duty in order to qualify for defense by the attorney general.

Consequently, your Committee has amended this Act to reflect these changes.

Your Committee feels that it would be a great boost for morale of the members of the army and air national guard and militia to know that they will be provided for by counsel if action is brought against them on the basis of performance of their duties.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2090-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2090-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 549-76      Judiciary on H.B. No. 2932-76 (Majority)

The purpose of this Act is to provide for a minimum mandatory sentence for a repeat offender and deny the opportunity for parole or probation under circumstances of repeated offenses.

Your Committee finds that the high incidence of repeated offenses by previously convicted persons within the State of Hawaii presents a clear danger to its citizens. In particular, your Committee concurs that necessary steps should be taken so that any person convicted for the most serious and reprehensible felonies as defined by the Hawaii Penal Code be sentenced, for each conviction after the first conviction, to a minimum mandatory sentence without possibility of parole for five years upon the second conviction, and a mandatory sentence of ten years upon the third conviction. In addition, this Act provides that the sentence be imposed without suspension, substitution of a fine, or probation, and shall be served without eligibility for parole.

Your Committee finds that each sentence imposed shall be served consecutively, rather than concurrently.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2932-76, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2932-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Stanley did not concur.

SCRep. 550-76      Judiciary on H.B. No. 3043-76

The purpose of this Act is to amend Section 634-23, Hawaii Revised Statutes, relating to service on a defendant in a civil action.

Your Committee is in agreement that the present law relating to service upon an unknown or absent service is inadequate with respect to the attempt made to effect service of process within the State. This Act would require the plaintiff to file an affidavit with the court containing information concerning the methods and attempts to effect personal service on the defendant prior to service as provided by Section 634-24, Hawaii Revised Statutes, or by publication. The intent of this Act is to ensure that due diligence is given to the attempt to locate a defendant.

Your Committee also finds that in the case of service by registered or certified mail, such service of summons should be marked to be delivered to the addressee only.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3043-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 551-76      Judiciary on H.B. No. 2933-76

The purpose of this Act is to amend Section 580-45, Hawaii Revised Statutes, relating to divorce decrees.

Your Committee finds upon re-evaluation of the present law concerning divorce decrees that the court should be allowed to fix a decree dissolving the bonds of matrimony for not more than one year from and after the date of the decree. However, your Committee agrees that the court should have the discretion to order those provisions of the decree which may become operative prior to the effective date of the decree to become effective at the time and to the extent specified by the decree.

Your Committee concurs that such discretion by the court would allow for flexibility by the parties involved in handling of financial matters relating to the terminated marriage.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2933-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 552-76      Judiciary on H.B. No. 2259-76

The purpose of this Act is to amend the Hawaii Penal Code by adding a new section relating to the unauthorized duplication of keys.

Your Committee agrees that certain persons capable of duplicating keys are not sufficiently responsible and duplicate keys with no questions asked. Experience has indicated that many thefts and burglaries are committed with the use of duplicate master keys.

Your Committee has amended H.B. No. 2259-76 by deleting the word "intentionally" because such "intent" would be almost impossible to establish. Your Committee has also amended this Act by making liable not only the actual duplicator, but also the person ordering the duplication.

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

2259-76, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2259-76, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 553-76          Judiciary on H.B. No. 2062-76

The purpose of this Act is to prohibit discrimination against any person on the basis of a physical handicap.

Your Committee is in agreement that the denial of educational opportunities, covenants, real estate transactions, financial assistance, choice of residency or participation in jury service for any person with a physical handicap constitutes discrimination. It is the intent of this Act to set forth specifically the areas in which discrimination against a person with a physical handicap may result in an abridgement of that person's rights.

Your Committee recommends an amendment to this Act which adds a definition of physical handicap to the appropriate sections of the Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2062-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2062-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 554-76          Judiciary on H.B. No. 2115-76

The purpose of this Act is to amend Section 580-1, Hawaii Revised Statutes, relating to annulment, divorce, and separation.

Your Committee is in agreement that the length of time of required domicile or physical presence in the State preceding application for divorce should be shortened from the current one-year requirement. However, your Committee also concurs that the three-month requirement proposed in H.B. No. 2115-76 is too short, and has amended the Act to provide for a six-month requirement.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2115-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2115-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 555-76          Judiciary on H.B. No. 2833-76

The purpose of this Act is to amend Section 578-2, Hawaii Revised Statutes, relating to consent to adoption.

Your Committee concurs that consent of a legal parent should not be required for a parent of a child who has been in the custody of the petitioner for at least one year and who entered the United States of America under extraordinary circumstances in the child's country of origin. In addition, your Committee agrees that such non-consent be allowed when the identity or whereabouts of the legal parents is not reasonably ascertainable or if there is no reasonable means of obtaining evidence of the child's identity or availability for adoption.

Your Committee feels that extraordinary and particular circumstances, as recently witnessed in Vietnam, have resulted in the need for re-examination and necessary modification of State laws concerning adoption, which may avoid needless legal entanglement and emotional frustration on the part of adoptive parents.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2833-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 556-76      Tourism on H.B. No. 3107-76

The purpose of the Act is to set up a pilot project which will ascertain the feasibility and advisability of establishing a central clearing office for hotel room reservations in the state.

Your Committee feels that this project represents a first step in attempting to effectively deal with the complex problem of hotel overbooking. Under the provisions of this project, the Director of Planning and Economic Development is authorized to collect reservations data from hotels which maintain an aggregate room count of 100 or more. With the assistance of a technical reservations committee, the director will review and interpret the data. The director will hopefully be able to use this information in a manner which will avoid or minimize incidents of visitor overflow.

The following amendments were made by your Committee in the course of its deliberations:

1) Because this program is designed to be a pilot project it will receive its legal sanction under general law vs. statutory law. At the end of the projects two year mandate, it can be decided if permanent language is desirable.

2) SECTION 1. Findings and purpose

This section was rewritten in order to clarify legislative intent in authorizing the Department of Planning and Economic Development to collect hotel room reservation data. In the original bill it was not specified that the collection of such data represented a pilot project designed to ascertain the advisability of establishing a central clearing office for hotel room reservations. This project represents a commitment to better understanding the complexities of hotel room overbooking and our desire to explore alternatives for effectively dealing with the problem.

3) SECTION 2. Definitions

Several changes were made in this section:

- a) "Accommodations" was redefined using a definition more appropriate to the needs of this bill.
- b) "Hotel" is used in this draft only in reference to hotels of 100 rooms or more, or to small chains which operate several hotels with an aggregate of 100 rooms or more.
- c) "Occupancy Status" is amended to refer to reserved rooms, not only confirmed rooms. The term reserved more accurately describes the situation when rooms are set aside for an individual or group. Confirmation policies differ from hotel to hotel.

4) SECTION 3. Pilot project established; functions

This section calls for a two year pilot project on the advisability of setting up a central clearing office for hotel room reservations. Incorporated into this section is the intent of the first paragraph of Sec.-2 in the original bill.

5) SECTION 4. Technical reservations committee

This section establishes a technical reservations committee of between three and five members who have technical knowledge of hotel reservations practices. Incorporated into this section is the intent of the second paragraph of Sec.-2 in the original bill.

6) SECTION 5. Reports confidential

This section allows the reports submitted under the provisions of this bill to be kept confidential because of their sensitive nature. This section also allows the director to use the information gathered to assist hotels in avoiding or minimizing the problems created by an overflow situation.

7) SECTION 6.

This section replaces Sec. -3 in the original bill. The penalty provision was reduced from \$500 to \$300 because it was felt that the former amount was excessive

in relation to the offense.

8) SECTION 7.

This section requires the director to submit a report to the Legislature on the effectiveness and progress of the project 20 days prior to the Regular Session of 1978. At this point the Legislature can decide what action should be taken in relation to a permanent program on the basis of the projects findings and recommendations. The Committee recommends that the department provide the Legislature with an interim report during the Regular Session of 1977.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No 3107-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3107-76, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Amaral.

SCRep. 557-76 Health on H.B. No. 2169-76 (Majority)

The purpose of this bill is to prohibit smoking in certain public places, in the interest of protecting nonsmokers.

Your Committee finds that:

The 1972 Report of the Surgeon General on "The Health Consequences of Smoking" showed that tobacco smoke not only can cause extreme discomfort to healthy individuals, but may actually trigger acute illness in those with chronic pulmonary or heart disease.

Studies have shown that the carbon monoxide in cigarette smoke is the most likely immediate hazard. The smoking of several cigarettes in a poorly ventilated room can easily raise the carbon monoxide level to several hundred parts per million (Federal standards for industry is usually set at 50 parts per million); thus exposing nonsmokers as well as smokers to toxic hazard. In fact, the nonsmoker is forced to inhale as much harmful tobacco products as the smokers themselves would inhale from four or five cigarettes.

Other possibly harmful components of tobacco smoke are cancer-producing substances, nitrogen dioxide, and hydrogen cyanide.

Nitrogen dioxide is an acutely irritating gas, and cigarette smoke contains a concentration 50 times the level considered dangerous, while hydrogen cyanide is present in concentration of 160 times the danger level for prolonged exposure.

Your Committee has amended this bill by clarifying the intent of the bill to include publicly used portions of enclosed governmental facilities in the proposed smoking prohibition. A clear statement of this inclusion is in the best interests of the public, in that services generally offered by the government are nonduplicative, and our people have no option in selecting a different office or service with which to deal.

The bill has been further amended by specifically excluding restaurants and hotels from the general prohibition on smoking for certain publicly used facilities. The nature of restaurant and hotel services, and particularly of the varied use of meeting facilities therein, requires that discretionary control remain with the persons overseeing their use.

Other technical and style amendments have been made.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2169-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2169-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Amaral.

Representatives Naito, Lee and Santos did not concur.

SCRep. 558-76 Health and Labor and Public Employment on H.B. No. 2194-76 (Majority)

The purpose of this bill is to ensure adequate treatment for alcoholism and drug addiction by requiring its inclusion in prepaid health care plans, including coverage for appropriate detoxification and treatment facilities.

Your Committees find that alcoholism and drug addiction are illnesses, and like other illnesses, their treatment should be uniformly covered by prepaid health care plans. Inclusion in prepaid health care plans will provide visibility to alcoholism and drug addiction benefits; and, as a result, may encourage more accurate diagnosis of health problems relating to alcoholism and drug addiction.

Your Committees upon consideration, have made the following amendments to this bill:

(1) Section 393-7(c)(6)(A) was amended to avoid misunderstanding of the requirement which prohibits restriction of this coverage to the mental health or psychiatric benefits of a plan, by providing that medical treatment of substance abuse shall not be limited or reduced by restricting coverage to the mental health or psychiatric benefits of a plan, but any psychiatric services received as a result of the treatment of substance abuse may be limited to the psychiatric benefits of a plan.

(2) Section 393-7(c)(6)(B) was amended to retain, for health care contractors who furnish benefits themselves, the option of providing the benefits of this bill in its own facility or utilizing its own staff, contracting for provision of these benefits, or reimbursing their members for outside services. The first option enables delivery of the services by these contractors in the manner least expensive to their membership.

(3) Section 393-7(c)(6)(C) was amended to require that treatment facilities where this care is received shall not only be licensed, certified, or approved by the department of health, but be so licensed, etc. in accordance with the standards prescribed by the Joint Commission on Accreditation of Hospitals. In this manner patients will receive treatment consistent with general hospitals already accredited pursuant to these standards.

(4) Section 393-7(c)(6)(C) was further amended to limit in-patient benefits for detoxification and acute care to three admissions a year, maximum seven days each for alcohol abuse, and three admissions, twenty-one days each for other substance abuse. Your Committees felt that unlimited benefits might discourage alcohol and drug abuse patients from ever attempting to solve the underlying problem.

(5) A new subparagraph (D) was added to section 393-7(c)(6) to provide that prepaid health plans shall not be required to reimburse their members for alcohol or drug abuse care and treatment furnished by government agencies at no cost to the patient, or for which no charge would have been made if there were no health plan coverage, to avoid overlapping of benefits.

(6) Finally, the effective date of the bill, for contracts due for renewal after July 1, 1976, was deferred until their renewal date or July 1, 1977, whichever occurs earlier, so as not to disrupt existing contracts.

Your Committees on Health and Labor and Public Employment are in accord with the intent and purpose of H.B. No. 2194-76, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2194-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Amaral.

Representative Sutton did not concur.

SCRep. 559-76 Labor and Public Employment on H.B. No. 1053

The purpose of this bill is to conform the personnel laws of the State of Hawaii to the concept that the judiciary is a separate branch of government equal to the executive and legislative branches. Under this theory the chief justice is equated to the governor and the administrative director of the courts is equal to the director of personnel services. This bill continues the separate and co-equal branches of government concept realized in Hawaii under Act 159, Session Laws of Hawaii 1974.

The bill provides for a civil service system for the judiciary by amending chapter 76, Hawaii Revised Statutes, to provide for the judiciary powers equivalent to the director of personnel services with the addition of a new section and proper amendments. Chapters

79 to 83 are amended by adding new sections to provide that the powers assigned to the governor and the director of personnel services therein are with respect to the judiciary to be exercised by the chief justice and the administrative director of the courts. The collective bargaining law is amended to appropriately insert references to the judiciary branch and the chief justice. Finally the provision concerning the administration of the courts in sections 601-2 and 601-3 are amended with conforming amendments.

Your Committee has amended the bill by:

1. Amending the title of the bill by deleting the repetitious use of "A BILL FOR AN ACT" which is repeated twice therein.
2. A new section has been added to part I of chapter 76 to provide for the exercise of the powers and duties of the governor and the director of personnel services by the chief justice and the administrative director of the courts in parts I, IV, and V of that chapter. This amendment is similar to the amendments to chapters 77 to 83 and necessary to the theory of the bill.
3. Section 3 of the bill renumbered section 4 has been amended by deleting paragraph 3 as being of a transitory nature which should not be codified. Similar savings provisions have been added as a new section 19 at the end of the bill. Paragraph 4 has been deleted as unnecessary.
4. Section 4 repealing section 76-9 has been deleted, since its inclusion would repeal necessary relationships between the judiciary and the executive branch in particularity the department of personnel services.
5. Section 6 of the bill amending section 76-14 has been deleted as unnecessary in view of the other amendments made by your Committee.
6. A new section 8 has been added to apply the general provisions on public service contained in chapter 78 to the judiciary.
7. Sections 10 through 14 of the bill add new sections to chapters 79 through 83 to provide that the chief justice has the power of the governor and the administrative director of the courts has the power of the director of personnel services for the purposes of those chapters. Your Committee has amended these sections to add the concomitant imposition of duties now on the governor and the director of personnel services upon the chief justice and the administrative director of the courts. The new sections have also been appropriately titled to reflect their substance.
8. Section 16 of the bill has been amended by adding thereto amendments made to section 89-6(b) by the 1975 legislature.
9. Section 17 amending section 601-2 by setting it forth in full has been amended by deleting subsections (a) and (c) which are not amended by the bill and are superfluous.
10. Section 18 has been amended by adding thereto amendments made to section 601-3 by the 1975 legislature.
11. Certain technical and style amendments have been made throughout the bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1053, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1053, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 560-76

Labor and Public Employment on H.B. No. 2171-76

The purpose of the bill is to amend various sections of Chapter 396, Hawaii Revised Statutes, the Hawaii Occupational Safety and Health Law. The changes proposed are basically intended to clarify the State law; to conform it to the Federal Occupational Safety and Health Act; to protect the Department's employees from civil suits and criminal acts; to establish additional appeal rights for employees in discrimination and variance cases; and to make certain technical changes.

The State, in accordance with its agreement with the Federal government under Section 18 of the Occupational Safety and Health Act, must maintain its basic legislation (Chapter 396), safety and health standards, and the administration and enforcement thereof, in a position of being "at least as effective" as the federal counterparts. Most of the changes proposed by the bill are technical amendments and additions of this nature, and the Director of Labor and Industrial Relations urges their adoption so that Hawaii may continue to exercise jurisdiction in the field of occupational safety and health.

The specific proposals for amendment of the Hawaii Occupational Safety and Health Law are:

1. Section 1 of the bill proposes a change in the definition of "director" to expressly permit the administrator of the Division of Occupational Safety and Health to act in the director's behalf as his designee; adds a definition of "Employee of the State".
2. Section 2 of the bill proposed a change in wording to emphasize the State's concern for all factors affecting a worker's safety and health on the job.
3. Section 3 proposes to add new language, stating explicitly that the department shall prescribe rules for the adoption, amendment, or repeal of standards and to provide guidelines and procedures for the exercise of the department's discretion in issuing emergency temporary standards and in granting variances from standards.
4. Section 4 proposes to add new language to protect employees of the State from being made parties in their individual capacities to civil actions arising from the performance of their duties under Chapter 396.
5. Sections 5, 6, 7, 8, and 9 propose adding the words "citation", "standard", "rule", and "regulation" in various places in order to conform Chapter 396 to federal requirements.
6. At the request of the department, the Committee has amended Section 5 of the original bill by adding language giving employees who may be injured from the department's arbitrary and capricious failure to assure abatement of an imminent hazard the right to seek a writ of mandamus compelling the department to do so.
7. Section 6 proposes to add language to Section 396-6 to conform to the Federal Act.
8. Section 7 proposes language to clarify the types of discrimination prohibited. At the request of the department, your Committee has also recommended that the section be amended by substituting the work "instituted" for the word "instituting" in the original bill to indicate that the protection of the law extends to employees who file complaints which do not result in enforcement by the department.
9. Section 8 also proposes new language to provide specifically for penalties for discrimination against employees for exercising their rights under the statute and to set forth penalties in addition to those stated in the penal code for criminal offenses committed against an employee of the State acting under Chapter 396. It also proposes to add specific requirements for posting notices or other documents issued by the director and to provide criminal penalties for repeated violations leading to the death of an employee.
10. Section 9 also proposed new language to clarify review procedures and provide additional appeal rights for employees.
11. Section 10 also proposes to add new language to establish that the Appeals Board may not consider cases in which an order of the director has already become final for failure to contest as provided by the statute.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2171-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2171-76, H.D. 1, and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 561-76 Higher Education on H.B. No. 2040-76

The purpose of this bill is to improve the planning process in the development of new campuses within the University of Hawaii system.

#### BACKGROUND

During the 1960's, rapid and accelerated growth of the University of Hawaii was encouraged so that the State could broaden its post-secondary educational opportunities. Over the last decade the University of Hawaii has grown from one-campus at Manoa to a multi-campus, statewide system.

Yet, toward the end of that decade, considerable public and legislative concern surfaced regarding further expansion of the university system. This concern reflected increasing limitations in land availability and other components necessary to the university's continued physical expansion. Such concerns prompted a reexamination of the purposes of the University of Hawaii and the development of growth policy guidelines.

In 1970, the Board of Regents adopted a "Controlled Growth" statement for the University of Hawaii which outlined a set of planning policies. The statement emphasized that good planning and quality education would require the ability to determine the rate of growth and the distribution of students. The statement also recognized that limited state revenues would require the University to carefully prioritize future expansion. This policy provided a basis for public discussion on the future direction and development of the University of Hawaii in meeting the educational needs of the State.

However, certain aspects of the University's controlled growth policy have not been realized. Total enrollment expectations of 50,000 by 1976 are now outdated. Declining enrollments in our public schools and higher tuition rates at our four-year institutions have had a greater impact on the University's planning policies than were anticipated. A reassessment of the University's growth policy became necessary, particularly regarding the planning of new campuses.

Your Committee held hearings during the interim on the University's controlled growth policy and its relevance to the future planning of the University of Hawaii system. Of particular concern was the applicability of this policy and other University of Hawaii rules and regulations to the development of a new campus. Your Committee believes that with the growing recognition that a college campus can influence the state's growth and land use policies, it is essential that there is an orderly approach to new campus development. The controlled growth policy is insufficient for these purposes as it only provides broad guidelines for overall growth. Furthermore, Board of Regents' rules and procedures do not outline campus development requirements. Your Committee believes that a viable public policy must be established which would serve as a standard to determine the feasibility of developing a new campus.

#### H.B. NO. 2040-76

In public hearings, your Committee received testimony from the University that the requirements for new campus development in H.B. No. 2040-76 is not necessary as the legislature presently has the authority to request planning information as outlined in the bill. However, your Committee believes that the issue is not the availability of such information, but rather the need for the University to take a more systematic approach to campus development. Your Committee believes that the following requirements will improve the University's planning capabilities:

(1) Definition, description and survey of educational needs. Your Committee believes that it is necessary to provide data and information which will describe what kinds of educational needs exist. This information should describe the target population that needs to be served as well as whether such a need is statewide or of regional concern.

(2) Completion of an educational development plan which describes the delivery system required to meet the identified needs. Your Committee believes that an early determination on the academic emphasis of a new post-secondary institution is critical. Based on the assessment of educational needs, an educational development plan would show how objectives can be met and what the best methods would be to deliver educational services. Your Committee notes that the University currently uses an Educational Development Plan for its development of new and existing campuses though there is no policy stating this requirement.

(3) Presentation of site alternatives with preliminary statements of economic and environmental factors to be considered with each alternative. Your Committee believes that any attempt to establish a campus site must take into consideration economic and environmental factors of the surrounding area. Your Committee believes that site alternatives must be studied and examined in light of state policies of growth and must be done in concert with other state agencies who share an interest in state land use.

(4) Completion of a facilities master plan. Once an alternative has been selected, it is necessary that the University develop a facilities master plan which will present the space and cost requirements of the proposed educational program, as well as the long-range phases of facilities development.

All requirements outlined should be completed independently and in a chronological order as each step is dependent on the satisfactory completion of the preceding tasks.

In recommending favorably on this measure, your Committee has amended the bill in the following manner:

(1) Section 1(a) has been revised to read as follows:

"In planning the development and implementation of a new campus within the University of Hawaii system which campus lacks a permanent physical site or physical facilities, the Board of Regents shall undertake the following requirements which shall be completed independently and in the following chronological sequence: "

In this amendment, your Committee has: (1) clarified the language to express its intent more clearly; and (2) made the Board of Regents the body responsible for carrying out the functions described in the Act.

(2) Section 1(a)(4), line 4 has been amended to delete the phrase:

"; provided such educational program shall include the totality of curricula, instructional approaches and related teaching strategies and methodologies. "

Your Committee feels that it would be impractical for the University of consider all educational requirements on facilities development since teaching strategies and instructional approaches are constantly changing.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2040-76, as amended herein, and recommends that it pass Second Reading in the form hereto attached as H.B. No. 2040-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except  
Representative Ho.

SCRep. 562-76            Legislative Management

Informing the House that House Resolution Nos. 410 to 418, House Concurrent Resolution No. 72, Standing Committee Report Nos. 515-76 to 561-76, and Floor Amendments on H.B. No. 3239-76, H.D. 2, and H.B. No. 1441, H.D. 3, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 563-76            Finance on H.B. No. 2100-76

The purpose of this Supplemental Appropriations Bill is to make appropriations for the current fiscal biennium and authorize the issuance of bonds.

#### DOMINANT CONSIDERATIONS

Since the 1975 Regular Session, when the General Appropriations Bill was enacted to fund government operations and programs for the current fiscal biennium, events and conditions have brought into sharper focus what has developed into a dominant problem in Hawaii.

Unemployment in the State has been at the highest and longest sustained levels it has been at any time since the great depression, with the sole exception of the 1949-50 period when national recession, postwar dislocations and the dock strike coincided. Moreover, there is little reason to expect unemployment to decline sharply during the next year, and some observers believe that, without action by the federal government, unemployment could remain high for even longer periods than that.

The costs of unemployment have been extremely expensive, both in terms of lost labor and production and in terms of direct costs to government and employers for support payments to the jobless. Regular unemployment insurance payments have been trending inordinately high and, as might be expected in periods of high joblessness, there has also been a significant impact on public assistance costs. Moreover, there are real social costs to the individuals who are unemployed: a lower standard of living, education foregone, health care not obtained, career plans curtailed, disruption of families, and other hard-to-measure social costs which nonetheless weigh heavily on the jobless.

Normally, sustained recessionary conditions at the national level which have an impact on employment in the individual states are problems which the federal government is better equipped to solve through its vast fiscal and monetary powers. However, national policies have fallen far short of bringing about full economic recovery, let alone solving the unemployment problems in the individual states. The federal government has been slow to act on the expansion or continuance of national employment programs, even though at least the same level of national effort will be required if employment conditions are not to deteriorate in this State--as well as others.

Meanwhile, in Hawaii, the legislature, even though it lacks the fiscal and monetary authority of the federal government, must proceed to apply whatever tools it can devise to the problem of unemployment in this State, even as it hopes that its actions will yet be complemented by a sustained, massive, and timely national employment program. To do any less would be unconscionable.

Expansion of State Program for the Unemployed. Last session, the legislature enacted Act 151, which provided for a comprehensive state program for the unemployed and funded the program through an appropriation of over \$12 million, including over \$11 million for public service employment. Your Committee has determined that an even larger assault on the unemployment problem is required, and it has, through a separate measure, provided for \$15 million in additional state funds for the state program for the unemployed.

Assistance for Recovery of the Construction Industry. Of all of the segments of the local economy, the construction industry has been one of the hardest hit by recessionary conditions, and its jobless rolls are distressingly high. To counter the decline in private construction, state action will proceed on two broad fronts. First, the repair and maintenance of public facilities will be accelerated and supported through additional appropriations which, together with prior appropriations, will make available some \$20 million to stimulate the industry over the short term. This action is being taken because repair and maintenance activities are labor-intensive; they involve trades sharply affected by unemployment; the program itself has not received the attention it should, particularly with respect to the protection of public investment through preventive maintenance; and the program can be accelerated quickly without the longer lead time required for major construction projects. Second, as the administration has proposed the use of general fund cash, some \$20 million in the current fiscal year and \$10 million in the next fiscal year, should give impetus to capital construction, in the sense that it will free proceeds from future bond issuance for additional capital investment rather than repay advances from the general fund. In addition, your Committee has provided for a level of new capital investment appropriations which, upon implementation, should provide further assistance to alleviate unemployment in the construction industry. Complementing these efforts is a separate measure, previously approved, which will allow the application of less cumbersome informal bidding procedures to larger amounts of contracts covering public works, or the repair and maintenance of buildings, roads, and other site improvements. The measure is designed to make it easier to get smaller construction projects under way.

Even as the problems of the unemployed have occupied much of your Committee's deliberations, there has been a concerted effort to ameliorate the problems of the hard-pressed taxpayers of Hawaii.

Relief to Taxpayers. By any standard, the Hawaii taxpayer's total burden is among the highest in the country. Coupled with the condition of Hawaii's cost of living being

among the highest, the burden of taxation has an especially harsh impact on the local taxpayer. The citizen who pays his taxes and carries the burden of government desperately needs relief. In separate measures, your Committee has provided for a range of relief through an expanded program for general excise tax credits, credits to renters, and increased exemptions to homeowners generally and the elderly particularly.

The Financial Outlook. While the unemployment picture has been bleak, the financial outlook for state government is, fortunately, sound. The State ended the last fiscal year with a general fund balance of over \$83 million, and revenues in the current fiscal year have matched the latest revised higher estimates. Such a condition permits relief to be given to taxpayers, additional funding for the critical problem of unemployment, and careful allocations of current and projected resources to programs appropriated by this bill.

In deliberating on the financial condition of the State, your Committee observes that the financial condition of the counties must also be considered. Where the counties can be assisted by the State, they should be. Your Committee notes that the governor's financial plan provides for grants-in-aid to the counties which total \$18.2 million, or some \$1.2 million less than the level normally provided. Your Committee expresses its intent that, until such time as the Reorganization Commission considers the allocation of the state vs. county functions and until such time as the legislature approves of any realignment of functions, grants-in-aid to the counties shall remain at least equal to the allocations made for fiscal year 1971-72, when a total of \$19,447,551 was allocated to the counties. The governor is requested to observe this intent.

#### SPECIFIC APPROPRIATIONS

Not included in this bill but provided for in the financial plan of your Committee and in separate measures approved by your Committee are several important specific appropriations.

Research, Development, and Expansion of Agricultural Commodities. An appropriation of \$849,000 has been made to provide for the development of the papaya, anthurium, and other cut flowers, and the ornamental foliage industries, which have contributed significantly to Hawaii's economic stability and which hold exceptional potential for further growth.

Public Utilities Commission. Pursuant to recommendations made by the legislative auditor in his audit of the public utilities program, examinations by the interim committees of the House and Senate and the House Committee on Consumer Protection and Commerce, your Committee has agreed that a full-time public utilities commission needs to be established in order to regulate the industry adequately. An appropriation of \$417,042 has been made for the operation of the commission and for its own staff. (Complementing this appropriation is the provision in the Supplemental Appropriations Bill for an appropriation of some \$222,000 to reorganize the public utilities staff of the department of regulatory agencies into a staff which will have the responsibility and expertise to represent the public in public utility matters.)

Legal Aid Society. The Legal Aid Society of Hawaii has provided valuable legal assistance to the low income and economically disadvantaged population of the State for many years, and your Committee is in agreement that its continued operation is necessary at this time. The sum of \$675,350 has been appropriated for the Legal Aid Society's operations in the next fiscal year.

Medical Malpractice Insurance System. The problem of medical malpractice insurance has been growing in Hawaii but, fortunately, has not reached the crisis proportions which have afflicted other parts of the county. In order to avert any crisis, substantive legislation has been drafted by the House Committee on Consumer Protection and Commerce and an appropriation has been made by Your Committee to establish a new medical malpractice insurance system which will stabilize the cost of medical malpractice insurance and assure the availability of such insurance at reasonable cost.

Center for Labor Education and Research. An appropriation of \$250,000 has been made to support the operations of a Center for Labor Education and Research at the University of Hawaii in recognition of the importance of organized labor to the social and economic well-being of the State. The center will provide labor education instruction, labor-related research, and educational services for workers and their organizations; provide labor-related education to the public; assist the department of education in developing and implementing labor-related instructional programs; contribute to the

development of labor studies degree programs in the University of Hawaii system; and be the clearing-house for labor education matters in the State.

#### SUPPLEMENTAL APPROPRIATIONS AND LEGISLATIVE CONSIDERATIONS AND INTENT

In this section of the report, your Committee summarizes the purposes for which appropriations have been made under the major program areas covered by the bill, and, where appropriate, expresses its considerations and intent.

Social Problems. Appropriations have been made for the expansion of the nutrition program for the needy elderly in Kauai County; continuation of the Waianae Coast congregate dining program; a demonstration Outward Bound program for youths in the Progressive Neighborhood areas; grant-in-aid to Operation Kokua, Inc., Day Care Center; grant-in-aid to Kaumana Elderly Care Center; and grant-in-aid to the Kalihi-Palama Immigrant Service Center.

Appropriations have also been included for the establishment of a Tenant Security Guard program using the residents at Kuhio Park Terrace; continued operation of the Waianae Coast Rap Center; grant-in-aid to Hale Opio, Inc.; one-year extension of the demonstration elderly day care facility on the grounds of Wilcox Memorial Hospital; grant-in-aid to the Salvation Army for the operation of the Hilo Interim Home; operation of the inter-agency council at Kuhio Park Terrace; and operation of the Alternatives for Youth Project of the Kalihi YMCA.

It is the legislature's intent that the Department of Social Services and Housing improve the administration and function of its programs. The legislature has appropriated funds to provide for additional positions in the income maintenance section of the public welfare division to improve the functioning of the eligibility determination program and reduce the error rates in assistance payments. The department should pay particular attention to the administration and operation of the Food Stamp and General Assistance programs. Policies and procedures should be reexamined and revised as necessary, and worker input should be secured. The legislature intends that the department extend its quality control efforts to the General Assistance program and has appropriated the necessary funds. To improve the administration of the Medicaid program, the department is requested to work cooperatively with the providers, the fiscal intermediary, and the Department of Accounting and General Services, especially to improve the billing process.

It is the legislature's request that the department integrate Title XX funds into its future budget presentations and that the department also review the implementation of the Comprehensive Social Service State Plan. The department should make every effort to work with the Department of Health, Education and Welfare to improve and simplify the administration of Title XX programs.

Economic Development. Appropriations have been included, with respect to agriculture development, for the Young Farmers program statewide; feasibility study on the establishment and operations of a farmer's market at Fort Armstrong; evaluation of alternative pesticides for ant control in pineapple culture; and with respect to tourism, appropriations have been made for the new office of tourism; a ten-year tourism growth plan, and a cost-benefit study on tourism.

Critical to the entire area of tourism development is the funding of the office of tourism and the establishment of the tourism coordinator. It is intended that the coordinator will integrate all government tourism activities while serving as liaison with the tourist industry. It will also be his task to develop a comprehensive ten-year growth plan for tourism and to conduct a tourism cost-benefit study.

Public Safety. The House Committee on Judiciary, in its review of policies and conditions at Hawaii State Prison, has found that one of the most pressing concerns of inmates is their low salaries. In order to provide a more humane and realistic salary schedule, the House Committee on Judiciary has recommended the appropriation of funds to increase the average of 12 cents an hour to a more reasonable 50 cents an hour. Your Committee concurs.

Employment. In addition to the major employment measures previously discussed in this report, appropriations have been made to provide for a study to decrease Hawaii's unemployment rate, including the convening of a statewide conference on unemployment; and for a comprehensive review of major employee benefits.

Transportation. An important change has been made to a prior appropriation concern-

ing an inter-island ferry system. Act 195, S.L.H. 1975, provided funds to contract with private enterprise to provide a passenger and vehicular roll-on and roll-off inter-island ferry system, and appropriated an initial \$4 million. The provision that the ferry system accommodate vehicular roll-on and roll-off has been deleted. This will make possible the review and consideration of a broader range of inter-island ferry systems.

Culture and Recreation. Among the appropriations made are funds for support of the Honolulu Symphony, Statewide Touring Arts Program (LYCEUM), the Honolulu Community Theater, the Philippine Heritage program, the King Kamehameha Celebration Commission, and the Bishop Museum. In addition, funds have been provided for the production of "Rice and Roses," a labor television program.

Housing. The Hawaii Development Revolving Fund, enacted as Act 25, S.L.H. 1968, provides for loans to be made to nonprofit housing entities for the purpose of planning, development, and initial start-up costs associated with low- and middle-cost housing. Your Committee has found that this particular program is most helpful to those nonprofit corporations which lack the necessary capital to those which would lose this capital should the project become financially unviable. Therefore your Committee has provided an additional \$200,000 for the Hawaii Development Revolving Fund.

The Elderly. A supplement appropriation has been made to the Commission on Aging for it to coordinate and fund a wide range of programs, including Areawide Opportunities, North Shore congregate dining, multiphasic health screening, and higher education for the elderly.

Health. Appropriations have been made to upgrade in-patient treatment and services at the Waimano Training School and Hospital; expand school health services, initiated on a systematic basis last session, to the remaining 53 elementary schools, including Pohukaina School, and in 11 school complexes; on-call psychiatric services for West Hawaii Mental Health Clinic; provide for contractual services for activity center and outreach programs for mentally retarded adults at Lahaina; provide for ambulance service in South Kohala and contractual services for private ambulance service on Molokai; continuation of family planning services; provide for the bilingual health aide program statewide; and purchase of mammographic machines for breast cancer detection.

The health appropriations also include grants-in-aid to Molokai Hospital, Kahuku Hospital, Kauaikeolani Children's Hospital Poison Information Center, G. N. Wilcox Memorial Hospital, the Hawaii Committee on Alcoholism Industrial Occupational program, the St. Francis Halfway House for Women, and to the Kauai Youth Outreach Substance Abuse Coordinator.

Higher Education. Among the appropriations made are those for acquisition of the St. Francis School property to meet space needs for the Manoa campus; custodial services and security guard services at Windward Community College; additional equipment for the trade and vocational programs at Hawaii Community College; and supplemental funds for instruction in the nursing program at Hawaii Community College.

In addition, appropriations have been made for Project Rise (Resources for Individuals Seeking Education); the Canada-France-Hawaii Telescope Operation; banana research and development for production and marketing, including nematode control, handling, storage, and packing; a 4-H Youth Development agent for Maui County; a termite control program; continuation of summer school programs at the community colleges; public services programs of the College of Continuing Education program; and the Continuing Education for Women (CEW) program.

Other appropriations include those for the comprehensive training program (university without walls); non-income-generating sports at the Manoa campus; additional staff support in the cooperative extension service office on Molokai; improvement of fumigation methods to eliminate fruit flies in avocados; expansion of the department of architecture; the Hawaii Studies program; student-help pay; the sports program at the University of Hawaii at Hilo; the college-work-study program; continuation of the operations of the Pacific and Asian Affairs Council; and continuation of the pre-admissions program for disadvantaged groups which are underrepresented in the Hawaii bar and to monitor the progress of these students at the Law School, with the expectation that this program shall provide assistance to those who are undergraduates and who might be potential Law School applicants.

Lower Education. Appropriations have been made for additional art, music, and physical education specialists at the elementary school level. This completes a program which was begun last session and which provided for one art-music-physical education

special team per school district. The funds appropriated provide for an additional two specialist teams per district, for a total of three teams per district.

In support of the basic skills programs, funds have been provided for the purchase of supplies, including books and equipment, and for in-service training. These funds will be used primarily in the language arts and mathematics programs.

Violence in schools has been a major concern. The evaluation of the School Security Patrol Pilot Project found that security patrols were effective in reducing various forms of anti-social behavior. Additional appropriations now provide for school security patrols and burglar alarm systems, culture studies and in-service training to foster greater understanding among students, and the School Health Education Study.

Other education appropriations include those for learning disability students, special education summer school, books for inadequate school libraries, alternative education programs, 3-on-2 evaluation, improvements to the artmobile program, development of programs for gifted children, a language arts coordinator for programs other than HEP, diagnostic services for special education and potential special education students through contractual funding for additional psychological examiners, diagnostic prescriptive teachers and specialists, a teacher evaluation system, and additional costs of utilities.

In addition, appropriations have been made to provide good quality music instruments with the aim that there should be no economic barriers to participation in the instrumental music program; reading specialists; books for public libraries expansion of services in public libraries through additional librarians and librarian-technicians; furniture, furnishings, equipment, and athletic, therapeutic, and recreational improvements for the Special Education Center; and funds to develop a minimum excursion program for students in all school districts.

#### RECOMMENDATION

Your Committee on Finance is in accord with H.B. No. 2100-76 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2100-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 564-76      Finance on H.B. No. 3458-76

The purpose of this bill is to establish a Hawaii Commission on Crime.

The creation of a crime commission would provide a mechanism for citizen input into governmental activities with regard to crime, through systematic and thoughtful development of new programs, review of ongoing programs, investigation, public education, and legislative recommendation functions.

The crime commission will consist of 10 to 30 members to be appointed and subject to removal for cause by the governor.

The lieutenant governor shall serve as the executive officer of the commission and shall be provided with appropriate staffing to carry out the functions of the crime commission.

An appropriation of \$60,000 is included for the purpose of this bill.

Your Committee agrees with the findings as set forth in Standing Committee Report No. 270-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3458-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3458-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 565-76      Finance on H.B. No. 2598-76

The purpose of this bill is to exempt the retail sale of prescription drugs sold from

the general excise tax.

This bill proposes to amend Chapter 237, HRS, by adding a new section to provide an exemption for persons age 60 and over on the purchase of prescription drugs.

Persons 60 years of age and over are to identify themselves by presenting their prescription to the retailer together with one of the following sources of identification: a) an automobile driver's license duly issued by any state or territory of the United States; b) birth certificate; c) medicare card; d) state or county identification card; or e) any other means of identification approved by the Attorney General of the State of Hawaii. This method enables the retailer to verify both the age of the purchaser and the fact that the prescription has been made for the person making the purchase.

Your Committee has noted the concerns expressed in House Standing Committee Report No. 2598-76, H.D. 1.

Your Committee has amended the subsection (a) of the new section being added by this bill to read:

"(a) The retail sale of prescription drugs sold to persons age 60 and over as provided in this section and the gross proceeds or income derived by a seller of prescription drugs from the sale of prescription drugs sold to persons age 60 and over as provided in this section shall be exempted from the taxes imposed by this chapter."

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2598-76, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2598-76, H.D. 3.

Signed by all members of the Committee.

SCRep. 566-76            Education on H.B. No. 3020-76

The purpose of this bill is to preserve the continuity of probationary teaching service for probationary teachers whose contracts are not renewed because of enrollment decrease or other reasons beyond the control of the department.

The present law requires employees entering the service of the Department of Education to serve as probationary employees for a minimum period of two consecutive years. This period of probation may be interrupted by maternity leave, sick leave, military leave and other leave approved by the department. However, probationary employees who are terminated or face non-renewal of their contracts because of a decrease in the number of pupils or other reasons beyond the control of the department, are not provided for under the exceptions.

Presently a probationary employee who satisfactorily completes 1-3 semesters and who is reemployed, must forfeit all previous accumulated employment. This period of employment is not credited toward tenure.

Your Committee has amended the bill:

1. By deleting Section 2 of the bill.
2. By designating September 1, 1976 as the effective date of this bill.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 3020-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3020-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 567-76            Education on H.B. No. 2241-76

The purpose of this Act is to require that "SCHOOL BUS" signs not be used on any vehicles except a school bus.

Your Committee finds that former school buses are being operated for other purposes

without removing the "SCHOOL BUS" sign. Failure to remove the sign degrades the identification value of the signs and should be prohibited.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2241-76, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Amaral.

SCRep. 568-76 Labor and Public Employment on H.B. No. 3387-76

The purpose of this short-form bill is to amend the Hawaii Revised Statutes relating to economic development, employment security, educational programs, productivity, apprenticeship programs, industrial relations, and the promotion of industry and tourism.

Your Committee has amended this bill to establish in the office of the governor an affirmative action coordinator, to ensure that immediate and affirmative action is taken to achieve parity of sex, race, color, and national origin in public employment, including government contractors, also to eliminate discrimination in public employment on the basis of religion, age, physical handicap, and the like, and generally to ensure equal opportunity in all phases of public employment.

The bill, as amended, provides that the coordinator shall establish guidelines for affirmative action plans, review departmental plans, provide assistance, and direct a continuing program of affirmative action.

The amended bill further provides that each department head shall designate an affirmative action officer to formulate an affirmative action plan, report progress, and submit a plan to the affirmative action coordinator for approval. The department head is to be responsible for and administer the affirmative action plan for his department.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3387-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3387-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 569-76 Finance on H.B. No. 2386-76

The purpose of this bill is twofold: first, to provide persons employed under the State Program for the Unemployed, benefits generally available to regular public employees and second, to extend the State Program for the Unemployed till June 30, 1977.

Under the present law, the State Program for the Unemployed and the appropriations for this program would lapse on June 30, 1976. Your Committee finds that unemployment still remains one of the foremost problems confronting the State today and that there is a need to continue providing jobs for our unemployed. The provisions of this bill would extend the State Program for the Unemployed until June 30, 1977.

Your Committee has deleted (from page 2) the provisions extending fringe benefits to persons hired under the State Program.

The highest priority for job placement is accorded to unemployed heads of household, who have been unemployed for more than 15 weeks or have exhausted their unemployment benefits. This bill will include in this high priority group underemployed groups such as those who are disadvantaged and cannot successfully compete in the labor market.

Your Committee has further amended this bill by closing the appropriation to be made under Section 4 from \$20,000,000 to \$15,000,000.

Your Committee expresses the view that the participation of the private sector in our community should be encouraged.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2386-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2386-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 570-76 Education on H.B. No. 3254-76

The purpose of this bill is to reapportion the elected Board of Education, and the bill reapportions the Board as follows:

- (a) The Board shall consist of 39 members instead of eleven.
- (b) Hawaii shall have four members.
- (c) Maui shall have three members.
- (d) First Honolulu shall have six members.
- (e) Second Honolulu shall have five members.
- (f) Third Honolulu shall have six members.
- (g) Central Oahu shall have four members.
- (h) Kauai shall have two members.
- (i) Leeward Oahu shall have four members.
- (j) Windward Oahu shall have five members.

In 1970, Haldy vs. the Junior College of Metropolitan Kansas City, decided by the United States Supreme Court applied the "one man, one vote" principle to local school boards. On March 16, 1970, nineteen days after Haldy, the Attorney General indicated that the Hawaii Board of Education was malapportioned. The Fifth State Legislature, Regular Session of 1970, passed an amendment to the Hawaii Constitution which would provide for an appointed Board of Education. In the 1970 General Election referendum, however, the amendment was defeated by a vote of 116,390 to 70,587.

The opinion of the Attorney General as given in opinion 70-5 and accepted by the Federal District Court (Civil No. 72-358) was that the State Board of Education was constitutionally malapportioned. The remedial procedures are essentially legislative rather than a judicial function. However, since the 1973 legislature failed to take corrective measures on the matter of the malapportioned Board of Education, the Federal District Court had to do so.

Unfortunately, the reapportionment of the Board did not provide the counties of Maui and Kauai with any representation. After lengthy discussions on the matter of hearings in the various districts, it is the feeling of the Committee that Maui and Kauai should be represented on the Board. In this way, the particular concerns of each district may be thoroughly aired.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 3254-76 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 Amaral.

SCRep. 571-76 Consumer Protection and Commerce on H.B. No. 2700-76  
(Majority)

The purpose of this bill is to provide for a medical malpractice insurance system which will: (1) stabilize the cost of medical malpractice insurance and insure the availability of such insurance at a reasonable cost; (2) decrease the costs of the recovery system for medical malpractice and improve the efficiency of its procedures; and (3) impose appropriate sanctions on errant health care providers.

Your Committee has previously considered this measure and Standing Committee Report No. 417-76 reported on the provisions of the bill and the amendments made by your Committee. Upon further consideration of this measure, your Committee made additional changes to the bill as discussed below.

1. The exemption from the definition of "health care provider" for those who depend for healing upon prayer or other spiritual means has been reworded for clarity and

to limit the exemption to those who rely upon treatment by spiritual means through prayer alone.

2. The section which would have permitted an insurance carrier to settle cases against a health care provider without the consent of the health care provider has been deleted. Your Committee feels that insurance carriers presently have the power to accomplish this change and that the parties to the insurance policy should be free to reach their own agreement on this matter.

3. Section -31 was amended to clarify that participation by a health care provider in the patient's compensation fund is optional. However, unless a health care provider participates in the fund, he will not be able to have the fund pay judgments, arbitration awards, or settlements against him in excess of \$100,000.

4. Payments of claims from the patient's compensation fund are to be paid as the claims are filed. However, at the end of each quarter, the Insurance Commissioner is mandated to determine if the fund is in danger of being exhausted. If such a determination is made, the amount paid to claimants are to be prorated and any amounts due and unpaid are to be paid in the following calendar year.

5. The ad damnum provisions contained in the bill as originally considered by your Committee have been reinstated. Although these provisions will not affect medical malpractice premiums, they provide protection against serious embarrassment and possible damage to the reputation of the health care provider merely upon the filing of a claim.

6. The physician or surgeon member of the medical claim conciliation panel is to be appointed from a list of fifteen names submitted by the Hawaii Medical Association instead of the Board of Medical Examiners. This change will make the method of selection for the medical member similar to the selection process for the attorney member of the panel.

7. The rate of interest at which loans may be made to the patient's compensation fund from the general fund has been increased from one per cent to one and one-half per cent over the rate paid by the State at its last sale of general obligation bonds.

8. Your Committee has deleted the section requiring casualty insurers to write malpractice insurance as a condition of their licensure to transact business in this State.

9. Under the original bill, a physician had to show proof of insurance or financial responsibility before he could take the medical examination. Your Committee feels that such a requirement is more properly imposed after examination but before licensing and the bill has been amended accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2700-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2700-76, H.D. 2.

Signed by all members of the Committee.

Representative Sutton did not concur.

SCRep. 572-76      Consumer Protection and Commerce on H.B. No. 2878-76

The purpose of this bill is to amend Chapter 41, Hawaii Revised Statutes, to require that the Comptroller appoint a risk manager to supervise and direct the determination and treatment of risk for the State's property, personnel, and operations.

Under present law, the Comptroller has the responsibility of assessing the risk exposure of the State, obtaining insurance coverage for such risks, and formulating and directing a program to reduce risks. The provisions of this bill mandates the Comptroller to appoint a risk manager to carry out this responsibility. Because of the magnitude of the State's risk management program, your Committee feels that the appointment of a full time, professional risk manager is necessary and will result in savings to the State.

Your Committee has amended this bill by eliminating the requirement that the risk manager be licensed as a general agent under Chapter 431 and hold the designation of chartered property and casualty underwriter (C.P.C.U.) from the American Institute

for Property and Liability Underwriters, Inc. Although these requirements are indications of a person's expertise, there are many highly qualified and expert risk managers who are neither general agents nor chartered underwriters. Your Committee expects that the Comptroller will appoint a qualified person as the State's risk manager.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2878-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2878-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 573-76          Consumer Protection and Commerce on H.B. No. 2317-76

The purpose of this bill is to require all general casualty insurance policies which insure against liability for the death, injury, or disability of any human being, or from damage to property, to include liability coverage for intentional torts of minor children of the insured.

As originally introduced, the bill required such insurance policies to offer liability coverage for mental and physical harm to persons arising as a result of intentional torts of minor children and coverage for liability for all damages in excess of \$2,000 arising from property damage caused by an intentional tort of a minor.

Upon consideration of the measure, your Committee has amended the bill to require that such coverage be offered at the option of the insured. Further, such coverage is limited to damages in excess of \$5,000 in the case of physical and mental harm and damages in excess of \$5,000 rather than \$2,000 in the case of property damage.

In order that the consumer is made aware of the optional coverages which are required to be offered by this bill, the bill has been further amended to require that the availability of such coverage is expressly stated in the insurance policy and is made known to the insured. Your Committee intends that the availability of the coverage be made known to the insured by having the insured read and sign a statement acknowledging that the availability of the optional coverages was made known to him.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2317-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2317-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 574-76          Judiciary and Consumer Protection and Commerce on H.B. No. 1159

The purpose of this bill as originally introduced was to remove the exemption from the requirement of obtaining a certificate of inspection granted to motor vehicles subject to the jurisdiction of the Public Utilities Commission and to provide for county operated motor vehicle inspection stations.

Your Committee, upon consideration of this measure has deleted the contents of the bill as introduced in its entirety and substituted therefor, provisions which authorize the Director of Finance of each county to issue permits which will allow motor vehicles without current certificates of inspection to be moved on the public streets for the purpose of repair.

Your Committee on Judiciary and your Committee on Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1159, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 575-76          Judiciary on H.B. No. 2111-76 (Majority)

The purpose of this Act is to define death and the time when death occurs.

Your Committee is in agreement that a statutory definition of death for legal purposes is needed at this time which considers the direct results of modern technological powers upon the life of a patient.

This Act provides a definition of death consistent with medical and technological advancements. Two alternative definitions of death to be determined by the attending or treating physician, or if none, the physician who certifies death are set forth: (1) absence of respiratory, circulatory and cardiac function, and (2) absence of brain function, confirmed by a neurologist or neurosurgeon.

Your Committee has amended this Act by substituting "human body" for "person". This change was made since some religions believe that an individual remains a person even after death. Also, a corporation is a person.

Your Committee has further amended this Act by the insertion of the condition that attempts at resuscitation would not restore spontaneous functioning during an absence of respiratory, circulatory and cardiac function. The intent of this amendment is to exclude the dependence of a patient on life-supporting equipment under these circumstances.

In addition, your Committee has eliminated the proposed Section which provides for immunity from civil or criminal liability for a physician making a determination of death under this Act. Your Committee feels that immunity for physicians should not be granted in order to provide adequate safeguards against negligent medical decisions and to insure the highest standards of medical practice.

Your Committee on Judiciary is in accord with H.B. No. 2111-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2111-76, H.D. 2.

Signed by all members of the Committee.

Representatives Carroll and Sutton did not concur.

SCRep. 576-76          Judiciary on H.B. No. 2371-76 (Majority)

The purpose of this Act is to grant to a minor who has been or is married all of the rights, duties, privileges, and responsibilities provided under civil law.

Your Committee finds that under present law, a married minor is not given expressly the rights and privileges of an adult, despite the fact that such a person has entered into marriage and has presumably left the care of his natural guardians. Under this present situation, a married minor may not, among other things, enter into contractual agreements, bring suit on one's behalf or on behalf of one's child, enlist in the military, establish residence, receive medical care, or adopt a child, including the child of one's spouse. Upon examination of the restrictions placed on a married minor, your Committee concurs that this Act will provide certain necessary legal rights for such a person who has presumably attained maturity to enter into matrimony.

Your Committee emphasizes that this Act does not change the status of a minor in connection with any criminal law matters, nor affects the exclusive jurisdiction of the family court over such persons under Section 571-11(1) or 571-11(2)(a) or (b). In addition, this Act is not intended to be retroactive with respect to rights and duties occurring prior to a minor's marriage.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2371-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

Representative Carroll did not concur.

SCRep. 577-76          Judiciary on H.B. No. 3286-76

The purpose of this Act is to amend Chapter 663, Hawaii Revised Statutes, by adding a new section relating to comparative negligence.

In applying Section 663-31, Hawaii Revised Statutes, the trial courts are faced with

the dilemma of whether to compare the negligence of the plaintiff, if any, against the negligence of each of the defendants, or against the aggregate negligence of the defendants.

Your Committee is in agreement that inasmuch as the total conduct of the defendants resulted in the harm suffered by the plaintiff, it is against the defendants' combined fault with which the plaintiff's fault should be compared.

Your Committee has amended this Act to mandate that the court instruct the jury regarding the law of comparative negligence, where applicable. Your Committee has also amended this Act to conform Section 663-31, Hawaii Revised Statutes, to the comparative negligence laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3286-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3286-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 578-76      Judiciary on H.B. No. 2928-76

The purpose of this Act is to amend Chapter 578, Hawaii Revised Statutes, to provide for the adoption of an adult.

Your Committee finds that present law does not specifically allow the adoption of an adult. It is the feeling of your Committee that such provision be included in the present law relating to adoption in order to allow a parent to adopt an adult stepchild or an adult to adopt an adult niece or nephew.

Your Committee has amended this Act for the sake of brevity to address the above-mentioned area specifically and to state the consent to adoption procedure.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2928-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2928-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 579-76      Judiciary on H.B. No. 2135-76

The purpose of this Act is to amend the sections of the Hawaii Revised Statutes and relating to elections.

Your Committee agrees with the intents and purposes of H.B. No. 2135-76 but concurs that the following changes should be made to the Act:

1. Amend Sections 11-11 and 11-12, Hawaii Revised Statutes, to provide that a person who shall have attained the age of eighteen at the time of the election is eligible to vote in that election.
2. Delete proposed subsection (c) of Sec. 11-14. Your Committee feels that in all phases of the election process, the individual voter is entitled to the strictest privacy and that even the slightest semblance of infringing on this right should not be encouraged.
3. Delete proposed amendment to Sec. 12-2 relating to the date of the privacy election. Your Committee concurs that the current practice of holding the primary election at the regular place for each precinct on the first Saturday of October is satisfactory and should be retained.
4. Delete proposed amendment to Sec. 12-3 which would allow the chief election officer or clerk to require the candidate to furnish evidence to substantiate the statements on the candidate's nomination paper. Your Committee concurs that such a provision would vest the chief election officer and clerk with too much discretionary power.
5. Delete proposed amendment to Sec. 12-6(1) which would permit candidates to file for office during a 30-day period which would start 90 days before the primary and end 60 days before the primary. Your Committee concurs that the current deadline

for filing (45 days prior to the primary is satisfactory).

6. Your Committee concurs that Sec. 12-6 should be amended by adding a new subsection relating to waiver of filing fees for indigents. However, your Committee has decided to revise the proposed language relating to such provision in order to provide more clarity. Also, your Committee feels that it is sufficient that the required petition should contain at least one-half of one percent of the total or registered voters in the respective corresponding districts. The proposed language specifies one percent as a minimum.

7. Delete proposed amendment to Sec. 12-8 which would authorize the chief election officer or clerk to conduct evidentiary hearings relating to objections to nomination papers filed by candidates. Your Committee concurs that such provision would overburden the powers and scope of duties of the chief election officer and clerk.

8. Your Committee concurs that the current composition of school board districts is satisfactory and should not be changed as proposed in H.B. No. 2135-76.

9. Your Committee concurs that the current description of the congressional districts is satisfactory and should not be changed as proposed in H.B. No. 2135-76.

10. Delete proposed subsection to Sec. 19-6(7) which would make illegal any activity which is intended to influence voters or may influence or intimidate voters arriving at or departing from the polling place. Your Committee feels that such provision is too vague and subject to misinterpretation because of its ambiguousness.

11. Delete proposed subsection to Sec. 19-6 which would make it a misdemeanor to make or permit an unauthorized use of information obtained from the general county register or registration affidavit. Your Committee concurs that such provision is too vague and subject to misinterpretation because of its ambiguousness.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2135-76, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2135-76, H.D. 1 and be placed on the Calendar for Third Reading.

Signed by all members of the Committee except Representative Sutton.

SCRep. 580-76      Judiciary on H.B. No. 3126-76

The purpose of this bill is to amend the "Sunshine Law" (Chapter 92, Hawaii Revised Statutes) in matters relating to (1) the definition of "board," (2) the changing of a board's agenda of a meeting, (3) the cost of reproducing public records, and (4) the applicability of the open meeting provisions to political subdivisions of the State.

The bill amends the following sections of Chapter 92, Hawaii Revised Statutes:

(1) Section 92-2. This section has been amended to clarify the definition of "board" to make it clear that a board covered by the Sunshine Law is one which is created by the constitution, statute, rule, or executive order to have supervision, control, jurisdiction or advisory power over specific matters and which is required to conduct meetings and take official actions. Thus, under this amendment it would be clear that the Sunshine Law would be applicable to any agency, board, commission, authority or committee, which has an official existence with official functions and duties, as established pursuant to the constitution, statute, rule, or executive order.

(2) Section 92-7. Presently, this section provides that a board may change its agenda, once filed, in the appropriate offices, by adding items thereto at the meeting, by a two-thirds recorded vote of all members to which the board is entitled. Although experience has shown that there has not been any abuse of this provision by any board and the various boards have been informed that this provision should not be used to circumvent the spirit of the advanced notice requirements of the Sunshine Law, this amendment will clarify this point by requiring that no item can be placed on the agenda in this manner if it is of reasonably major importance and action thereon by the board will affect a significant number of persons. In such circumstances, under this amendment, the board should defer action on such matters until another meeting is scheduled with the matter placed on the agenda, as filed in the appropriate offices.

(3) Section 92-21. This section has been amended to provide that the cost of obtain-

ing copies of public records shall be the reasonable cost of reproducing such copies, which cost shall include, among other things, labor cost, material cost, equipment cost, cost for certification, and other related costs. A minimum cost of twenty-five cents per page, sheet, or fraction thereof is established pursuant to this amendment, which compared to existing fees would seem to be lower and more reasonable. Under this amendment an agency may charge a higher cost for reproducing public records if it deems it necessary and reasonable. Such higher cost could be established through the rule-making procedure wherein a public hearing must be conducted in order to get the input and reaction of the public.

(4) Section 92-51. This section has been amended to resolve any possible conflicts it may have with Section 92-21 since both sections cover the cost of reproducing public records. This amendment will delete any reference to the cost of copies of public records in Section 92-51 and make it clear that Section 92-21 is the applicable section relating to cost of reproducing public records.

The bill further amends Chapter 92, Hawaii Revised Statutes, by adding a new section dealing with the applicability of various provisions of said chapter to the political subdivisions of the State. This amendment will provide that in the event that any political subdivision of the State has provisions relating to open meetings which are more stringent than Chapter 92, Hawaii Revised Statutes, then the more stringent provisions of the charter, ordinance, or otherwise, of the political subdivision shall apply. The purpose of this amendment is to clarify the fact that it was not the intent of the Legislature, in enacting the Sunshine Law, to unintentionally dilute the existing open meeting requirements of the various county charters and ordinances when they were, in fact, more stringent than those of the Sunshine Law.

The bill provides for an effective date of July 1, 1976, so that the agencies affected by these amendments, particularly the amendment relating to the cost of reproducing public records, will have some lead time to analyze and adjust to these changes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3126-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3126-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Sutton.

SCRep. 581-76      Labor and Public Employment on H.B. No. 2385-76

The purpose of this bill is to establish a policy on full employment and would ensure constant monitoring of employment levels of the State.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 2385-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 582-76      Energy and Transportation and Environmental Protection  
on H.B. No. 3075-76

The purpose of this Act is to define the ownership of all municipal wastes generated in the State.

Your Committees find that with the decreasing supply of natural resources it will become necessary to recover and re-use solid waste as a source of needed materials. Unless the ownership of solid waste is clearly resolved, it will be impossible to intelligently plan for a resource recovery system and the success of such a system will depend upon a constant and continuous supply of waste materials.

The collection of solid waste in Hawaii is being handled by several entities. Presently, the City and County of Honolulu is the only county which has established ownership of wastes. Revised Ordinance 4339, Section 9-1.2(b) of the City and County of Honolulu defines ownership as follows:

"Any refuse removed by the City and County of Honolulu and any waste accepted by the City shall become the property of the City."

This provision accounts for ownership of only 45% to 55% of the municipal refuse generated on Oahu. Furthermore, it does not define the transfer of ownership at the point the City's collected waste is accepted for disposing or processing by private collectors and does not consider the ownership of wastes collected or accepted by a private collector or operator. This situation may result in possible legal problems as the value of solid waste increases with the operation of a resource recovery facility. The success of any energy resource recovery system will depend on the proper directing of this waste.

Your Committees on Energy and Transportation and Environmental Protection are in accord with the intent and purpose of H.B. No. 3075-76 as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3075-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 583-76      Housing on H.B. No. 3208-76

The purpose of this bill is to require that occupants of lands condemned by eminent domain be offered a permit to remain on the land by the condemning authority until such time as the land is required for the public purpose for which it was condemned.

This would apply to those lands which are not to be used for a period in excess of six months for the purposes for which it was condemned. Rentals would be on a month-to-month basis and would be based upon a percentage not to exceed seven per cent of the amount deposited in court.

Upon consideration of this bill, your Committee has made the following amendments:

1. page 1, line 5 - The words "a dwelling on" have been added between the words "of" and "land".
2. page 1, line 13 - The words "of the order" have been deleted.
3. page 1, line 14 - The word "be" has been deleted; and the words "not exceed seven" have been added after the word "shall".
4. page 1, line 16 - The word "of" has been changed to "or".
5. Other technical amendments have been made without change in substance.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 3208-76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3208-76, H.D. 2.

Signed by all members of the Committee.

SCRep. 584-76      Consumer Protection and Commerce and Judiciary on  
H.B. No. 331

The purpose of this bill is to strengthen the enforcement provisions of the compulsory insurance requirement of the no-fault automobile insurance law.

Under present law, each county police department is authorized to issue citations for violations of the compulsory insurance requirement in a form and manner approved by the Violations Bureau of the District Court of the First Circuit. However, the Motor Vehicle Insurance Division has found that certain problems exist in the present laws which hamper effective enforcement. One problem is that the present law does not specifically authorize police officers to demand production of proof of insurance from a motorist and does not require a motorist to present proof upon demand. Another problem is that the present laws do not provide adequate guidelines to the courts as to the appropriate penalty for violations. The bill, as amended by your Committees, addresses itself to these shortcomings in the present law.

Section 1 of the bill provides for issuance of insurance identification cards by each insurer to its insureds and for issuance of a certificate of self insurance by the commissioner of motor vehicle insurance to self insureds. Your Committees have amended the bill by deleting the requirement that the commissioner issue cards to public assistance recipients as such recipients insured under the joint underwriting plan are assigned

to a specific carrier and treated in the same manner as any other policy holder; therefore, they are presently issued identification cards, policies and any other documents issued to other policyholders. The bill has been further amended by substituting the words "identification card" for "verification card" as that term more accurately describes the purpose of the card.

Section 3 of the bill sets forth the procedures to be followed by district courts in handling violations of the compulsory insurance requirement. The courts are mandated to hear and dispose of such actions expeditiously and mandatory penalties are imposed. In all cases where an automobile is found to be not insured in conformity with the no-fault law, suspension or revocation and seizure of the vehicle registration plates, and suspension or revocation of the driver's license of the driver and registered owner of the automobile is mandatory. Your Committees amended this section to require the court to impose certain penalties on drivers and registered owners of vehicles when the no-fault insurance identification is not in the vehicle instead of allowing the court discretion in imposing such penalties. Your Committees believe that the proper functioning of the automobile no-fault law requires strict compliance with the compulsory insurance requirement and justifies the penalties imposed by this bill for failure to comply with the law.

Section 4 of the bill amends section 286-116, Hawaii Revised Statutes, which requires driver's licenses to be carried at all times when operating a motor vehicle and to be displayed to a police officer upon demand, to include no-fault identification cards within the scope of the section. Law enforcement officers are authorized to issue a citation when a driver is not in possession of an identification card. The bill as introduced authorized police officers to impound a vehicle when the driver was not in possession of the identification card. Your Committees do not feel that police officers should have such authority as the vehicle may in fact be insured although the driver does not have the identification card in his possession and, therefore, the bill has been amended to delete that provision.

Your Committees have made other technical amendments to the bill which have no substantive effect on the measure.

Your Committees are in accord with the intent and purpose of H.B. No. 331, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 331, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 585-76      Health on H.B. No. 2796-76

The purpose of the Act is to ensure greater public participation in health planning by establishing subarea planning councils.

In 1975, the Legislature enacted the Health Resources and Development Act in accordance with federal law to develop a health planning system. The intent of the law was to ensure the greatest amount of public participation in health planning. To do this, a system in which local planning agencies would be responsible for developing health plans in designated areas was established. The local agency health plans would then become part of the State health plan which would serve as the statewide guide for the development of health services.

Because of its particular geographic and population characteristics, Hawaii was exempted under the federal law from forming local health planning agencies and the State planning agency was designated the agency responsible for health planning. As a result, Hawaii had one agency for health planning.

Your Committee feels that with the designation of the State agency as the planning agency, public participation in health planning has been limited. Your Committee, therefore, feels that a mechanism should be established to increase such participation.

House Bill No. 2796-76 which establishes subarea councils to conduct health planning activities and be advisory to the health planning agency and the statewide health coordinating council could provide such an avenue for public input.

Testimony presented before your Committee revealed that further clarification of the role and responsibilities of the subarea councils was needed. Your Committee had therefore amended House Bill No. 2796-76 as follows:

- (1) Section 323D- (b) has been added to establish provisions for the appointment of subarea councils by the governor. The subarea council would then nominate a person from its membership for gubernatorial appointment to the statewide health coordinating council. The membership of the subarea councils will be representative of health providers, consumers, and other public or private officials. Members of the subarea councils will not be compensated but will be reimbursed for expenses incurred in the performance of their duties.
- (2) Section 323D- relating to the functions of the subarea councils has been clarified and additional functions have been added. These clarifications and additional duties include development of a subarea health plan to be incorporated in the State health plan, reviewing of the State health plan, annual implementation plan and the budget of the respective subareas with the intent of making recommendations to the statewide council, and advising the State agency on the certificate of need provisions.
- (3) Section 323D-2 relating to definitions has been amended to by adding a definition for "subarea advisory planning councils." Section 323D-12 relating to State agency functions has been amended by adding a provision to clarify the relationship between the State agency and the subarea councils. Section 323D-13 relating to the statewide health coordinating council has been amended to provide that its members shall include subarea councils' representatives.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2796-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Amaral.

SCRep. 586-76 Consumer Protection and Commerce on H.B. No. 1810

The purpose of this bill is to require State agencies to give preference to Hawaii services when purchasing services.

Under present law, State agencies are mandated to give preference to Hawaii products when purchasing products. This bill enlarges the preference to include purchase of Hawaii services. Hawaii services is defined as services performed by a Hawaii business. As originally considered by your Committee, the bill defined Hawaii services as services performed by a Hawaii business and Hawaii business as one that is wholly owned by Hawaii residents. Upon further consideration of the measure, your Committee has expanded the definition of Hawaii business to include corporations incorporated in Hawaii and all of whose directors, officers and employees are Hawaii residents. Your Committee feels that such corporations, although they may not be wholly owned by Hawaii residents, make significant contributions to the State and its economic development and should be granted the preferences provided for in this bill.

Under the provisions of this bill, the Comptroller is directed to adopt rules for inclusion of types of services in the present Hawaii products list. The list would then become a Hawaii products and services list. Persons who apply to the Comptroller and are found to qualify as offering Hawaii services will be registered in the list. State agencies are mandated to purchase Hawaii services if the selling price of the Hawaii services does not exceed by ten per cent, the delivered or lowest bid in Hawaii of comparable services provided by a non-Hawaii business.

The bill also exempts State agencies from giving preferences for Hawaii services in public works contracts and gives the Comptroller discretion in selecting the types of services which are to be placed on the preference list. This is in recognition of the fact that in certain contracts, it is extremely difficult to separate the portion of the cost attributable to services as opposed to material and, further, that it would be inappropriate to give preferences when contracting for certain types of services where the capabilities of the individual performing the services is of critical importance. It is your Committee's intention that no preference for Hawaii services be given in such cases.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1810, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1810, H.D. 2.

Signed by all members of the Committee except Representative Fong.

SCRep. 587-76 Consumer Protection and Commerce on H.B. No. 1445

The purpose of this bill is to protect the vendee in a real estate agreement of sale transaction in the event any liens against the vendor come into existence after the execution of the agreement of sale or in the event the vendor dies or becomes incompetent before the agreement of sale is satisfied.

Under present law there is some question as to the rights of the vendee in an agreement of sale purchase of real property if liens come into existence after the execution of the agreement of sale or the vendor dies or becomes incompetent before the agreement of sale is satisfied and title passes. This bill provides a mechanism whereby the vendee can be assured that his rights to the conveyance will be unaffected by the vendor's death or incompetence and held superior to the rights of a lienor of the vendor. It provides that if the vendor deposits the conveyance in an irrevocable escrow, the vendee will take free and clear of any liens coming into existence subsequent to that time, but if the vendor's lienor notifies the vendee of his lien, the vendee is required to make the payments accruing under the agreement of sale to the escrow instead of the vendor, which shall hold the payments in trust for the vendor and his lienor.

The bill also provides that the death or incompetency of the vendor will not affect the right of the escrow to deliver the conveyance to the vendee.

Your Committee has amended the bill by specifying that the Circuit Court in which the payments are to be deposited in the event the vendor and his lienor cannot agree on its disposition, is the one having jurisdiction over the real property involved.

Your Committee has made further amendments 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. 1445, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1445, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Fong.

SCRep. 588-76 Finance on H.B. No. 3018-76

The purpose of this bill is to give the State Director of Finance further discretion in the selection of depositories for State moneys.

This bill provides that a depository selected for State moneys shall furnish security equal in market value to the amount of moneys deposited. Banks and savings and loan associations applying for a deposit shall be entitled to a loan-to-deposit ratio, and the deposit awarded shall be directly proportional to the bank or savings and loan association's total deposits as compared to all banks and savings and loan association deposits in the State. Supplemental deposits are to be allowed according to an investment or loan plan for use of State deposits. General administration of the deposits shall be under rules and regulations of the Director.

Your Committee finds that the changes proposed by this bill are in the economic interest of the State and provides the necessary safeguards to protect the deposit of public moneys.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3018-76 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 Amaral.

SCRep. 589-76 Finance on H.B. No. 2575-76

The purpose of this bill is to provide for a special refund to taxpayers on their 1975 State individual income taxes.

Justice to taxpayers has emerged as one of the important and continuing issues at all levels of government. While the Federal government is the largest and most pervasive tax collector and affects the economic and social well-being of all of the citizens of this country through its taxation, fiscal and monetary policies, state government also has a special responsibility to extend fair treatment to its own taxpayers. The concept

of a special refund to taxpayers, as applied to the taxpayers of Hawaii, follows the application of a fair and simple rule: it is the resolve of the legislature that justice for the taxpayers in Hawaii means that when state government has collected more taxes than it has deemed necessary to meet the most urgent program objectives and when an adequate level of government services has been approached, it should seriously consider returning part of the taxes to those who paid them.

More specifically, your Committee finds that a special tax refund to individual income taxpayers is a just and proper course of action for the following reasons:

(1) By almost any standard, the total tax burden--federal, state and local--which falls on the individual taxpayers in Hawaii is real, and it is heavy. The citizens of Hawaii are caught in the squeeze of high inflation and high taxes. Many citizens find it increasingly difficult just to make ends meet, and they desperately need relief.

(2) The special tax refund will not erode the tax base or future tax revenues. It is a one-time measure which, unlike operating programs, does not commit the State to future expenditure.

(3) The combination of a significant fund balance at the end of fiscal year 1975, which was higher than originally estimated, and current flows of tax revenues, which are holding up to revised higher estimates, makes possible the availability of revenues for a special tax refund.

(4) A special income tax refund will provide some form of relief to every individual income taxpayer in Hawaii, who in 1975 numbered some 292,655 taxpayers.

(5) The money refunded will be of assistance to many families, who will likely use the funds in local spending, the effect of which should be some stimulation of the retail sector of the economy.

The special tax refund schedule, provided for in Section 3 of the bill, seeks to refund income taxes collected in 1975.

Through other legislative measures, your Committee has also sought to advance the proposition of justice for Hawaii's taxpayers. These include real property tax relief to homeowners, tax credits for renters and an expanded excise tax credit program. Your Committee has also carefully weighed the need for governmental expenditures to cope with the problems of unemployment, the depressed state of the construction industry, cost items resulting from collective bargaining agreements, and other urgent programs. In essence, it is the intent of your Committee to provide for essential government expenditures, but at the same time, through this bill and other tax relief measures, your Committee recognizes that the interests of fairness and justice for Hawaii's taxpayers must also be served.

Your Committee is recommending this bill for passage indicating token amounts of \$1 in Section 3. The intent is to meet the necessary procedure requirements for readings of this bill. It is expected that the refund schedule in Section 3 will be amended upon final review of the general fund financial plan of the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2575-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2575-76, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Amaral.

SCRep. 590-76

Finance on H.B. No. 2783-76

The purpose of this bill is to establish a provision in any public contract for the retention of a portion of the amount due under the contract to the contractor to insure the proper performance of the contract. The sum withheld by the contracting body from the contractor would not exceed five per cent of the amount due the contractor. This bill would also provide a contractor the option of withdrawing retained sums of money upon depositing certain negotiable securities in lieu of the retained sums.

Your Committee wishes to express its concern over contractors who do not comply with their contractual obligations to the State and recommends that the administration adopt a policy for the removal of such contractors from bid lists.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2783-76 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Amaral.

SCRep. 591-76 Finance on H.B. No. 2635-76

The purpose of this bill is to allow employees of the former Puunene Hospital on Maui and the former Waimea Hospital on Kauai to purchase their previous service with these institutions for purposes of retirement under the State retirement system.

Presently there are 23 former employees of the Puunene Hospital who are affected and who have an average of about 6 1/4 years of former service which is purchaseable. About ten employees of the Waimea Hospital, with an average purchaseable service of eight years, are involved.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2635-76, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Amaral.

SCRep. 592-76 Labor and Public Employment on H.B. No. 3388-76

The purpose of this Act as amended is to provide at least two Hawaiian translator positions in the public archives which is under the Department of Accounting and General Services for administrative purposes.

Your Committee was informed that there is an increasing demand for Hawaiian translators for the translation of land records and other related documents as well as for the tracing of genealogy through land deeds. Testimony presented to your Committee revealed that there are approximately one million Hawaiian documents in the State Archives which have not been translated. In addition, the number of individuals seeking assistance in tracing their respective family genealogy, which must be done through land deeds, has doubled in recent years.

Your Committee was also informed that the translation of land records, deeds and other documents is a highly specialized field requiring knowledge of the Hawaiian language, history, and culture; and the number of individuals possessing such skills is limited and dwindling.

Therefore, your Committee recommends that the establishment of at least two Hawaiian translator positions in the State Archives will provide assistance to governmental agencies and private citizens as well as encourage the training of Hawaiian translators for the future.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3388-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3388-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Mizuguchi.

SCRep. 593-76 Consumer Protection and Commerce on H.B. No. 3280-76  
(Majority)

The purpose of this bill is amend the Franchise Investment Law, with regard to gasoline dealer franchises, to provide that a gasoline station franchisor cannot require the franchisee to purchase its accessories for resale, or attempt to set the retail price of any product sold by a gasoline station franchisee.

The bill provides a penalty of up to \$50,000 for each offense, to be recovered via civil action instituted by the attorney general, prosecuting attorney, or county attorney, and provides a civil cause of action to the franchisee.

The bill further provides that upon termination of a gasoline dealer franchise by either party, upon request of the franchisee, the franchisor shall take back inventory

supplied by it to the franchisee and reimburse the latter for ninety per cent of the original cost of same.

Your Committee has amended this bill by removing it from the Franchise Investment Law and inserting it as an amendment to chapter 486H, Hawaii Revised Statutes, which pertains to franchises between gasoline dealers and petroleum distributors and provides a more appropriate context. The appropriate term "petroleum distributor" was substituted for "franchisor", and "gasoline dealer" for "franchisee". Consequently, section 2, amending section 482E-2, and section 3, amending section 482E-6 are unnecessary and have been deleted, with the exception of new paragraph (5) of section 482E-6, which has been included as a new section in chapter 486H. Your Committee has also added a definition of "inventory" to section 486H-1 and deleted the provision allowing treble damages to a franchisee who prevails in a civil action brought under the provisions of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3280-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3280-76, 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. 594-76

Consumer Protection and Commerce on H.B. No. 2785-76

The purpose of this bill is to remedy an apparent conflict between the mechanic's and materialman's lien statutes (Part II of Chapter 507, Hawaii Revised Statutes) and the horizontal property regime statutes (Chapter 514, Hawaii Revised Statutes) and to assure the application of the mechanic's and materialman's lien statute to all construction projects not subject to the bonding requirements of the federal Miller Act or Hawaii's companion statute, Section 507-17, Hawaii Revised Statutes.

Section 514-9(a) of the horizontal property regime laws states that no liens may attach to the common elements of a condominium project established by the filing of a Declaration of Horizontal Property Regime. In certain projects, a contractor may file notices of completion for parts of a project that have been completed and allow the developer to sell apartments in the completed areas. The buyers of apartments are then vested with rights in all of the common elements and Section 514-9(a) could then be interpreted as preventing the contractor from obtaining any liens in any part of the project in order to protect the interest in the common elements of those who have purchased apartments in the project. Your Committee agrees that such protection is necessary but feels that a more equitable way to achieve the desired result would be to insulate individual apartments and the common interest in the common elements appurtenant thereto from liens upon the closing of sale of the various apartments. Purchasers would then be fully protected against liens upon purchase of an apartment and any apartments left in the hands of the developer would be reachable by contractors, laborers, and others to satisfy claims which arise out of the construction of the project. The bill makes an amendment to Section 514-9, to achieve this result.

In order to fully implement this concept of using the date of the first conveyance of each apartment to a bona fide purchaser (rather than the date of the filing of the Declaration of Horizontal Property Regime) for the cutting off of mechanic's lien rights may give partial releases affecting specific apartments, much in the same manner that financial institutions which finance the construction of condominium projects can give partial releases of its construction mortgage. This will enable the apartments which are sold to be freed from any possibility of being subjected to a mechanic's lien without causing a waiver of the contractor's lien rights against other apartments in the project which are retained by the developer.

For similar reasons, it is necessary to provide that a notice of completion may designate by specific apartment numbers, the units to which it applies. This will allow the period within which mechanic's liens can be filed to begin running against portions of the project which have been completed without waiver of lien rights on the entire project.

Both of the foregoing concepts are implemented in this bill by making appropriate amendments to Sections 507-50 and 507-43, Hawaii Revised Statutes.

Your Committee believes that unintentional waiver of lien rights which are granted by

statute in recognition of the necessity of protecting those in the construction industry should be avoided. Therefore, the bill amends Section 507-50 to provide that liens may be waived only by a clear and unequivocal writing signed by the person in whose favor the lien arises.

Finally, the bill amends Section 507-42 to assure that the mechanic's and materialman's lien statutes apply to all construction projects except federal or State related projects in which those who furnish labor and materials are protected by performance and payment bonds.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2785-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2785-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. 595-76      Consumer Protection and Commerce on H.B. No. 2894-76

The purpose of this bill is to (1) allow condominium apartment owners to transfer parking stalls, (2) authorize condominium associations of apartment owners to collect attorneys fees and other costs in enforcing breaches of the covenants of apartment owners, (3) require a one-year warranty by the developer of a condominium project for all common and limited common elements and appliances and other fixtures, and (4) allow allocation of expenses and profits among the apartment owners in mixed use projects containing apartments for both residential and commercial use in a manner other than in proportion to the common interest appurtenant to their respective apartments.

Your Committee is in agreement that the amendments proposed by this bill will be of benefit to condominium owners.

Upon consideration of the measure, your Committee has amended the bill to:

- a. Give apartment owners who are unfairly accused of violating the terms of the declaration, by-laws, etc., the right to recover attorneys fees and other costs resulting from defending themselves from the actions of the association of apartment owners in taking unjustified action. This balances the right of the association to recover attorneys fees and costs when the apartment owner is at fault as provided by the bill.
- b. Incorporate the warranty provisions of the bill into Section 514-26.5, which presently requires ninety days prior notification by the developer to the association of apartment owners of the expiration of a warranty period.
- c. Allow allocation of profits and expenses different from the proportion of each apartment's interest in the common elements only in projects which have both residential and commercial apartments. Your Committee made this amendment because it was informed that the method of allocating profits and expenses presently used can be unfair in such mixed use projects where the commercial apartments may be responsible for expenses much greater than that allocated to the commercial apartments under the present method.

Your Committee is in accord with the intent and purpose of H.B. No. 2894-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2894-76, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 596-76      Consumer Protection and Commerce on H.B. No. 2784-76

The purpose of this bill is to amend Section 851-4, Hawaii Revised Statutes, to make attempts or conspiracies to fraudulently use credit cards, crimes equal to the actual fraudulent use of credit cards.

Your Committee agrees that persons who conspire or attempt to defraud others by the unauthorized use of credit cards are as criminally culpable as those who put their illegal plans into effect.

Your Committee is in accord with the intent and purpose of H.B. No. 2784-76 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 597-76      Legislative Management

Informing the House that House Resolution Nos. 419 to 441, House Concurrent Resolution Nos. 73 and 82, Standing Committee Report Nos. 563-76 to 596-76, and Special Committee Report No. 17, and Floor Amendments to H.B. No. 2932-76, H.D. 2, and H.B. No. 2299-76, H.D. 2, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 598-76      Water, Land Use, Development, and Hawaiian Homes on  
S.B. No. 2885-76

The purpose of this Act is to amend the period during which the State Land Use Commission must conduct a public hearing after the filing of a petition to change the boundary of a district and to amend the period within which County Planning Commissions must report to the State Land Use Commission on decisions made regarding special land use permits.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 2885-76, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 599-76      Legislative Management

Informing the House that House Resolution Nos. 442 to 451, House Concurrent Resolution No. 83, Standing Committee Report No. 598-76, and Standing Committee Report Nos. 600-76 to 622-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 600-76      Higher Education on S.B. No. 1862-76

The purpose of this Act is to amend the Hawaii Revised Statutes so as to make clear that the privileges of the University of Hawaii are available to all persons without regard to race, color, sex or national origin.

Whereas the original text was limited to sex, color or nationality, the amendment more precisely expresses and conforms to the prevailing philosophy, Federal and State Statutes, and court precedents relating to civil rights.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1862-76 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 601-76      Youth and Elderly Affairs on H.R. No. 212

The purpose of this resolution is to request the Speaker of the House of Representatives to appoint an interim committee to formulate a proposal for a senior citizen legislative research aide internship program to be implemented during the 1977 Regular Session of the House of Representatives.

Your Committee is anxious to involve senior citizens directly in the legislative process, in order to benefit from their greatly underused and underestimated talent and capacity for productiveness. Based on testimony submitted by representatives of the Kokua Council and the National Retired Teachers Association and American Association of Retired Persons, your Committee is convinced that our State's senior citizens feel the program will be as beneficial to them as your Committee anticipates it will be to the House.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 212, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 212, H.D. 1.

Signed by all members of the Committee except Representative Blair.

SCRep. 602-76            Water, Land Use, Development, and Hawaiian Homes on  
H.R. No. 263

The purpose of this Resolution is to request the Department of Land and Natural Resources to submit a progress report in developing a cultural-recreational park at Kahana Valley.

In testimony presented before your Committee, the residents of Kahana Valley exhibited a deep feeling for the land they live and work on; a love of their valley's mountains, streams, plants, and ocean; a common desire to preserve the quiet dignity of their fading Hawaiian lifestyle; and a spirit of community which they would like to share, if given the opportunity, with everyone.

Unique in concept, the creation of a living park in Kahana will incorporate the residents of the valley and their culture as perhaps the valley's most valuable cultural enrichment and environmental education resource and contributor to its recreational value.

Your Committee has amended the Resolution by changing the report deadline to not less than "30 days prior to the convening of the Ninth Legislature, Regular Session of 1977."

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 263, as amended herein, and recommends it be referred to the Committee on Culture and the Arts, in the form attached hereto as H.R. No. 263, H.D. 1.

Signed by all members of the Committee.

SCRep. 603-76            Water, Land Use, Development, and Hawaiian Homes on  
H.R. No. 223

The purpose of this Resolution is to request the Department of Land and Natural Resources, as an initial protective measure, to study and to report on the feasibility of naming Kawainui Swamp to the Hawaii Register of Historic Places, and subsequently to request the Hawaii Historical Places Review Board to petition their national counterpart to establish the Kawainui Swamp as a National Historic Site.

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 223 and recommends it be referred to the Committee on Culture and the Arts.

Signed by all members of the Committee.

SCRep. 604-76            Tourism on H.R. No. 116 (Majority)

The purpose of this resolution is to encourage the Department of Education and the community college system to afford students the opportunity to familiarize themselves with the tourist industry.

Your Committee finds that Hawaii's young people are generally unaware of the importance of tourism to this state. This lack of familiarity has contributed to many of the misconceptions of the tourist industry held by students and the general community. It is felt that these misconceptions foster the negative attitudes which threaten the future of tourism in this State.

The effectiveness of educational programs is demonstrated by the success of such programs in tourism destination areas such as Bermuda. In such areas it is found that not only is there a better understanding of the industry, but professionalism is fostered in tourism related occupations.

Your Committee feels that we must take affirmative action in order to preserve the

future viability of tourism in this State. Tourism education is viewed as a necessary requirement in trying to achieve this end.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 116 and recommends that it be referred to the Committees on Education and Higher Education.

Signed by all members of the Committee except Representative Amaral.

Representative Abercrombie did not concur.

SCRep. 605-76 Energy and Transportation on H.R. No. 117 (Majority)

The purpose of this resolution is to request the Department of Transportation to plan for a pilot project of inter-island ferry service, which upon approval and appropriation for funding by the Legislature, shall be implemented for a period of one year.

Your Committee finds that numerous studies have been conducted by State agencies and private concerns over a period of years on the feasibility and benefits of a State inter-island ferry system. The 1975 Legislature, mindful of the possible benefits of such a system, appropriated funds to subsidize or otherwise support such a system.

Recent studies conducted in the private sector, however, have raised serious questions as to the practical need for a ferry system and the high cost of such a system to the taxpayers of the State.

A one-year pilot project could determine with specificity and finality the possible cost, benefits and feasibility of a State subsidized inter-island ferry system.

Your Committee has amended this resolution as follows:

1. To call for a comprehensive plan for the pilot project to be prepared by the Department of Transportation;
2. To outline specifications for the plan; and
3. To provide for implementation upon approval and appropriation of funds by the Legislature.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 117, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 117, H.D. 1.

Signed by all members of the Committee except Representatives Clarke and Evans.

Representatives Carroll and Larsen did not concur.

SCRep. 606-76 Tourism and Higher Education on H.R. No. 278

The purpose of this resolution is to direct the Board of Regents and the Administration of the University of Hawaii to submit a detailed progress report on steps taken toward the increased support of the School of Travel Industry Management.

Your Committees feel that it is the obligation of this State to provide comprehensive educational programs in fields which offer future employment potential. The recent report of the Governor's Economic Advisory Task Force identifies tourism as the only industry which can offer increased employment in future years. It would be a great disservice to the young people entering the educational system if we did not offer comprehensive training in tourism related fields.

While your Committees recognize that management training is but one part of a complete tourism education program, it is nonetheless important. The most attractive and lucrative positions in the industry require this type of high level professional training. We must provide our students with programs which allow them to realize their fullest potential.

To date, the School of Travel Industry Management has not received the support from the University which is necessary in order to achieve a level of excellence. For this reason, the Board of Regents and the Administration of the University are directed

to report on the specific steps which they will take in order to upgrade the Travel Industry Management Program. What is sought by your Committees is a plan by which the University will attain excellence in this program.

Because of the importance of implementing reforms as soon as possible, the University is requested to submit its report at the earliest possible date. The early completion of the report will allow for changes to be integrated with University budget requests for the coming biennium. Your Committees agreed, however, to leave the deadline for the formal submission of the report at twenty days prior to the convening of the Regular Session of 1977. An earlier deadline was not inserted because the Committees wish to give the University adequate time to prepare a thorough and comprehensive report. The members nonetheless encourage an early completion of the report.

Your Committees on Tourism and Higher Education concur with the intent and purpose H.R. No. 278 and recommends its adoption.

Signed by all members of the Committees.

SCRep. 607-76          Agriculture and Water, Land Use, Development, and Hawaiian  
Homes on H.R. No. 392

The purpose of this resolution is to request the Matson Navigation Company and the Federal Maritime Commission to exempt all fresh and processed products of Hawaii's agriculture from increases in ocean freight rates in the U.S. Pacific/Hawaiian Domestic Offshore Trade, such increased rates having been suspended to April 7, 1976.

Testimony presented before your Committees at a public hearing on March 15, 1976 was unanimously in support of the resolution.

Your Committees find that further escalation in transportation costs poses a serious threat to the viability of the State's goal of expanding its export markets and that every means must be pursued to keep freight costs to an absolute minimum.

Your Committees on Agriculture and Water, Land Use, Development, and Hawaiian Homes are in accord with the intent and purpose of H.R. No. 392 and recommends its adoption.

Signed by all members of the Committees except Representative Amaral.

SCRep. 608-76          Agriculture and Water, Land Use, Development, and Hawaiian  
Homes on H.C.R. No. 66

The purpose of this resolution is to request the Matson Navigation Company and the Federal Maritime Commission to exempt all fresh and processed products of Hawaii's agriculture from increases in ocean freight rates in the U.S. Pacific/Hawaiian Domestic Offshore Trade, such increased rates having been suspended to April 7, 1976.

Testimony presented before your Committees at a public hearing on March 15, 1976 was unanimously in support of the resolution.

Your Committees find that further escalation in transportation costs poses a serious threat to the viability of the State's goal of expanding its export markets and that every means must be pursued to keep freight costs to an absolute minimum.

Your Committees on Agriculture and Water, Land Use, Development, and Hawaiian Homes concur with the intent and purpose of H.C.R. 66 and recommend its adoption.

Signed by all members of the Committees except Representative Amaral.

SCRep. 609-76          Youth and Elderly Affairs on H.R. No. 256

The purpose of this resolution is to request the Governor of Hawaii to establish, by executive order or other appropriate means, a State Volunteer Center and to appoint such staff as may be required to operate the Center.

Your Committee's hearing on this resolution elicited the following facts:

- 1) There is a critical need for the expansion of volunteer programs within state government.
- 2) There is a significant lack of volunteer strength in service with city and county governments, and with private organizations, except those organizations which have been specifically designed to be volunteer in nature.
- 3) There is no central office to encourage and assist government and private agencies to mobilize volunteers to meet needs identified throughout the State.
- 4) There is no coordinated information and communication center to serve as a liaison with Pacific/Asian, national, state, local government, and community volunteer agencies, and to provide training and technical assistance to improve the efficiency of volunteer projects.
- 5) A statewide survey of volunteer needs and resources has never been implemented in Hawaii.
- 6) There are limited resources for planning purposes to improve and expand use of volunteers and to improve recruitment and training techniques and techniques of volunteer management.

According to testimony submitted to your Committee by the Director of the Hawaii State Program for Local Services, established by the Progressive Neighborhoods Program in June 1975 to mobilize volunteers, as a result of these and other findings the Progressive Neighborhoods Program of the Office of the Governor has developed a proposal for a Statewide Volunteer Services Center, an ACTION grant program established in cooperation with the National Governor's Conference to improve volunteer services at the state level. The Hawaii State Volunteer Services Center will promote, coordinate, and assist volunteer efforts in state and local government and among local, public and private agencies.

The Progressive Neighborhoods Program sees the Volunteer Services Center as providing the opportunity to work closely with these agencies in coordinating the mobilization of volunteers and sharing mutual and long-term planning goals.

Basically, ACTION provides grants to the states to either establish or strengthen state offices of volunteer services, in order to improve opportunities for volunteer efforts concerned with human, social and environmental needs and particularly those related to poverty. Federal grants from ACTION totaling \$437,000 have been received for the support of the Hawaii State Program for Local Services through September of this year. The ACTION grant will provide funding for the Hawaii State Volunteer Services Coordinator, administrative expenses and travel and equipment needed to set up a state office.

State legislation is not required for the three-year demonstration period for the implementation of the Hawaii Statewide Volunteer Services Center. The establishment of the Center can be accomplished by executive order on the recommendation of the Progressive Neighborhoods Program Task Force. Your Committee finds that the establishment of such a State Volunteer Center would serve to greatly enhance the effective and efficient utilization of volunteer services.

This resolution has been amended to provide for submission by the Governor of an annual evaluation report 20 days prior to the convening of each legislative session in order to lay the foundation for the Legislature's subsequent deliberations on whether to institutionalize the Volunteer Center in order to gain long-term support for volunteerism on a statewide basis.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 256, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 256, H.D. 1.

Signed by all members of the Committee.

SCRep. 610-76 Youth and Elderly Affairs on H.C.R. No. 54

The purpose of this concurrent resolution is to request the Governor of Hawaii to establish, by executive order or other appropriate means, a State Volunteer Center and to appoint such staff as may be required to operate the Center.

Your Committee's hearing on this concurrent resolution elicited the following facts:

- 1) There is a critical need for the expansion of volunteer programs within state government.
- 2) There is a significant lack of volunteer strength in service with city and county governments, and with private organizations, except those organizations which have been specifically designed to be volunteer in nature.
- 3) There is no central office to encourage and assist government and private agencies to mobilize volunteers to meet needs identified throughout the State.
- 4) There is no coordinated information and communication center to serve as a liaison with Pacific/Asian, national, state, local government, and community volunteer agencies, and to provide training and technical assistance to improve the efficiency of volunteer projects.
- 5) A statewide survey of volunteer needs and resources has never been implemented in Hawaii.
- 6) There are limited resources for planning purposes to improve and expand use of volunteers and to improve recruitment and training techniques and techniques of volunteer management.

According to testimony submitted to your Committee by the Director of the Hawaii State Program for Local Services, established by the Progressive Neighborhoods Program in June 1975 to mobilize volunteers, as a result of these and other findings the Progressive Neighborhoods Program of the Office of the Governor has developed a proposal for a Statewide Volunteer Services Center, an ACTION grant program established in cooperation with the National Governor's Conference to improve volunteer services at the state level. The Hawaii State Volunteer Services Center will promote, coordinate, and assist volunteer efforts in state and local government and among local, public and private agencies.

The Progressive Neighborhoods Program sees the Volunteer Services Center as providing the opportunity to work closely with these agencies in coordinating the mobilization of volunteers and sharing mutual and long-term planning goals.

Basically, ACTION provides grants to the states to either establish or strengthen state offices of volunteer services, in order to improve opportunities for volunteer efforts concerned with human, social and environmental needs and particularly those related to poverty. Federal grants from ACTION totaling \$437,000 have been received for the support of the Hawaii State Program for Local Services through September of this year. The ACTION grant will provide funding for the Hawaii State Volunteer Services Coordinator, administrative expenses and travel and equipment needed to set up a state office.

State legislation is not required for the three-year demonstration period for the implementation of the Hawaii Statewide Volunteer Services Center. The establishment of the Center can be accomplished by executive order on the recommendation of the Progressive Neighborhoods Program Task Force. Your Committee finds that the establishment of such a State Volunteer Center would serve to greatly enhance the effective and efficient utilization of volunteer services.

This concurrent resolution provides for submission by the Governor of an annual evaluation report 20 days prior to the convening of each legislative session in order to lay the foundation for the Legislature's subsequent deliberations on whether to institutionalize the Volunteer Center in order to gain long-term support for volunteerism on a statewide basis.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.C.R. No. 54 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 611-76 Youth and Elderly Affairs on H.R. No. 248

The purpose of this resolution is to urge the Civil Aeronautics Board to approve the proposals of Hawaiian and Aloha Airlines to offer discount air fares to senior citizens, and to urge each member of Hawaii's delegation to the Congress of the United States to support efforts to reinstitute reduced air travel rates for the State's elderly.

Testimony received by your Committee indicates that in December, 1974 the Civil Aeronautics Board was presented by the Chairperson and Director of the Commission on Aging and the County Executives on Aging of the counties of Kauai, Maui, Hawaii and Honolulu with a petition from the citizens of Hawaii in favor of reinstating senior citizen discount air fares.

This was followed by communications to the Civil Aeronautics Board from Hawaii's Congressional Delegates and by the 1975 Legislature's passage and transmission to the Civil Aeronautics Board of H.R. No. 182, Relating to Air Travel for the Elderly, supporting the application by the inter-island airlines to reinstitute the fares and urging members of Hawaii's Congressional Delegation to propose and support any urging needed to bring this about. These and other communications resulted in a public hearing in Hawaii by an administrative law judge of the Civil Aeronautics Board in August, 1975, during which many citizens and officials of Hawaii testified in support of reduced fares for the elderly.

Despite a favorable recommendation to the Civil Aeronautics Board by the administrative law judge, the Civil Aeronautics Board has not yet seen fit to authorize the re-introduction of these fares.

For the above reasons your Committee wishes the Legislature to once again express its strong support of the return of senior citizen discount inter-island air fares.

This resolution has been amended to correct a typographical error in the original draft.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.R. No. 248, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 248, H.D. 1.

Signed by all members of the Committee except Representative Blair.

SCRep. 612-76 Higher Education on H.R. No. 35

The purpose of this resolution is to request that an ad hoc committee be formed to review the establishment of a State scholarship program which would provide financial aid to students attending Hawaii's private colleges. This review would be used as a basis for setting criteria for eligibility for financial assistance and for determining the most appropriate institutional arrangement for its delivery. This study will also investigate possible constitutional problems attending direct State financial aid to students enrolled in private educational institutions.

Your Committee has held a public hearing; received testimony from the Academic Planner of the University of Hawaii and from a representative of the Hawaii Independent Colleges Association; and finds as follows:

Your Committee believes that the existence of independent institutions of higher learning alongside State subsidized colleges and universities provide students with the opportunity to select among a wide range of choices the educational program and setting best suited to their needs.

However, for many students the tuition of independent institutions is prohibitively expensive. One possible solution to this problem would be to establish a State subsidized scholarship program.

Your Committee is aware that at present forty-three states have instituted financial assistance programs applicable to both public and private institutions. Your Committee is also aware that there is a growing Federal sentiment expressed in United States S.B. No. 2657 to compel states receiving federal funds under the State Student Incentive

Grant program to make such funds available to students attending both private and public institutions.

Therefore, your Committee believes it is most appropriate and timely that a review be conducted on the question of awarding financial aids to students attending Hawaii's private colleges.

Your Committee has amended this resolution to provide for the formation of an ad hoc committee consisting of representatives of the University of Hawaii, the private colleges in Hawaii, the Hawaii Student Financial Aid Association (Hui Malama Ola O'Hawaii), the Office of the State Attorney General, and the State Post-Secondary Education Commission to serve as the principle reviewing committee. Your Committee believes that the ad hoc committee mentioned above would be best qualified to review this issue.

Your Committee has further amended this resolution by requesting that the ad hoc committee submit a report of its findings to the Legislature twenty days prior to the convening of the next legislative session.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 35, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 35, H.D. 1.

Signed by all members of the Committee.

SCRep. 613-76 Higher Education on H.R. No. 231

The purpose of this resolution is to request the Department of Land and Natural Resources and the University of Hawaii to expedite the transfer of the community gardening program from the Department to the University. It is the intent of this resolution that the Department of Land and Natural Resources contract with the College of Tropical Agriculture, University of Hawaii-Manoa, for the implementation of the program.

Your Committee is aware that both the Department of Land and Natural Resources and the College of Tropical Agriculture support the transfer of the community gardening program. From the beginning, the Department has been only minimally involved with the program. The College of Tropical Agriculture, on the other hand, has been actively involved and has the resources to provide the technical assistance necessary for the program's success. The delegation of the program from the Department to the University will formalize the existing situation and insure the establishment of an effective community gardening program.

Your Committee has amended the resolution to provide adequate time for the University of Hawaii and Department of Land and Natural Resources to take action on this matter. The deadline for submittal of the progress report by the University of Hawaii to the Legislature has been extended to twenty days prior to the convening of the next Legislative Session.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 231, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 231, H.D. 1.

Signed by all members of the Committee.

SCRep. 614-76 Higher Education on H.C.R. No. 36

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources and the University of Hawaii to expedite the transfer of the community gardening program from the Department to the University. It is the intent of this concurrent resolution that the Department of Land and Natural Resources contract with the College of Tropical Agriculture, University of Hawaii-Manoa, for the implementation of the program.

Your Committee is aware that both the Department of Land and Natural Resources and the College of Tropical Agriculture support the transfer of the community gardening program. From the beginning, the Department has been only minimally involved with the program. The College of Tropical Agriculture, on the other hand, has been actively involved and has the resources to provide the technical assistance necessary for the program's success. The delegation of the program from the Department to the University

will formalize the existing situation and insure the establishment of an effective community gardening program.

Your Committee has amended the concurrent resolution to provide adequate time for the University of Hawaii and Department of Land and Natural Resources to take action on this matter. The deadline for submittal of the program report by the University of Hawaii to the Legislature has been extended to twenty days prior to the convening of the next Legislative Session.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 36, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 36, H.D. 1.

Signed by all members of the Committee.

SCRep. 615-76      Water, Land Use, Development, and Hawaiian Homes  
on H.R. No. 119

The purpose of this Resolution is to request the Department of Land and Natural Resources to conduct a study to determine the feasibility of acquiring Waipio Valley for recreation, agricultural use, conservation and historic preservation.

Your Committee feels that it is imperative at this time to conduct a study in order that a priceless piece of Hawaii's most beautiful lands be preserved.

In the first BE IT FURTHER RESOLVED clause, the phrase "conduct a public hearing in Kukuiahaele and Honokaa and" has been deleted.

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 119, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 119, H.D. 1.

Signed by all members of the Committee.

SCRep. 616-76      Water, Land Use, Development, and Hawaiian Homes  
on H.R. No. 246

The purpose of this Resolution is to request the two State departments to conduct a study on alternative uses for Kahoolawe.

Planning for the appropriate use of Kahoolawe is a critical factor in determining the future development of the island. Your Committee feels that once the island is cleared of unexploded military ordinance and the vegetation is restored, the possibility of using the island to further the State's economic, recreational and historical value could be fully realized.

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.R. No. 246 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 617-76      Water, Land Use, Development, and Hawaiian Homes  
on H.C.R. No. 38

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to include the Castle Trail System in the statewide trail and access system known as the Na Ala Hele.

In testimony presented before your Committee, it was pointed out that the Castle Trail, were it open, would give access to the center of the 20 mile Koolau Summit Trail. No other trail from the windward side is so well situated to provide such usable access to the upper Summit Trail System.

Of the six trails giving access to the Koolau Summit Trail (Pupukea Military Road, Kawailoa, Peahinaia, Poamoho, Schofield and Kipapa Trails) and of the three trails giving access from the windward side (Laie, Castle and Waikane Trails), not one is over public land in its entirety. There is no trail to the Koolau Summit over which

the public can legally pass without securing some combination of private and federal permission.

The Castle Trail passes totally over Bishop Estate land except at the top where it enters State land giving the only access to the upper part of the Kaipapau Forest Reserve. The lower part of the Castle Trail, on the floor of Punaluu Valley, passes over Bishop Estate land now held by one or more developers and through or around private parcels sharing the use of the valley road. The trail itself does not pass over any property now being utilized commercially; it is totally within the Conservation District.

Your Committee feels that high priority should be given in obtaining the necessary public access to the trail and trail rights-of-way.

Your Committee on Water, Land Use, Development, and Hawaiian Homes concurs with the intent and purpose of H.C.R. No. 38 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 618-76      Water, Land Use, Development, and Hawaiian Homes  
on S.B. No. 2545-76

The purpose of this Act is to clarify the roles of state and county agencies in regard to the conservation, maintenance and improvement of privately owned natural fishponds.

Your Committee feels the addition of the terms "strengthening and reinforcement" complements the intent of the Act, such that its meaning may be more explicit when the rules, which the Department of Land and Natural Resources expects to incorporate into their revision of Departmental Regulation No. 4, are adopted by the Board of Land and Natural Resources.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 2545-76, and recommends that it pass Second Reading and be referred to the Committee on Environmental Protection.

Signed by all members of the Committee.

SCRep. 619-76      Labor and Public Employment on S.B. No. 2031-76

The purpose of this bill is to authorize public employees to observe a State holiday which falls on Saturday on the preceding Friday. This bill will assure excluded employees the benefit of the holiday.

Present law provides that any State holiday which falls on a Saturday and which is also a National holiday would be observed on the preceding Friday as a holiday.

In 1977, two State holidays, Kuhio Day and Kamehameha Day, will fall on a Saturday. Since these holidays are not National holidays, the holidays will have to be observed on a Saturday. Employees covered by collective bargaining agreements, however, will observe these holidays on the preceding Friday.

This bill would ensure that all public employees will be treated alike in regard to observance of holidays.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2031-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Stanley and Santos.

SCRep. 620-76      Labor and Public Employment on S.B. No. 1807-76

The purpose of this bill is to convert certain exempt positions in the Department of Defense which are non-military in character status.

In 1974 a legislative audit of the Department of Defense's personnel policies and practices identified certain exempt positions that would be more appropriately classified and

included under civil service.

The Department of Defense has identified seven exempt positions that would be more appropriately classified under civil service, as follows:

1. Administrative services officer
2. Fiscal officer
3. Public affairs officer
4. Building and grounds maintenance superintendent
5. Assistant building and grounds maintenance superintendent
6. Public information technician
7. Purchasing agent

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1807-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Stanley and Santos.

SCRep. 621-76 Labor and Public Employment on S.B. No. 1831-76

The purpose of the bill is to include in the statute, paragraph (14) of section 76-16, Hawaii Revised Statutes, which states that positions filled by inmates, kokua, patients, and students of state institutions, and persons with severe physical or mental handicaps participating on work experience training programs, are not entitled to accumulate and use vacation leave.

Your Committee finds that the basis of employment of students is to provide them work experience and opportunities to earn moneys to continue their education. Vacation leave affords employees opportunities for rest and relaxation and for attention to personal business. Your Committee also finds that the casual and temporary nature of such work by students and by other persons in similar positions are not in line with the concept of granting vacation leave.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1831-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Sakima, Stanley and Santos.

SCRep. 622-76 Labor and Public Employment on H.R. No. 24

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study of the feasibility of adopting a phased retirement system for public employees.

Your Committee finds that retirement at any age often results in trauma for the retiree who suddenly finds himself with a great deal of free time, and that a phased workload reduction in conjunction with a gradual increase in free time would facilitate greater continuity of emotional change and better enable the retiree to adapt his skills and energy to his new status.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 24 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representatives Stanley and Santos.

## SCRep. 623-76 Legislative Management

Informing the House that House Resolution Nos. 452 to 460, House Concurrent Resolution Nos. 84 to 86, and Standing Committee Report Nos. 624-76 to 631-76, have been printed and distributed.

Signed by all members of the Committee.

## SCRep. 624-76 Energy and Transportation on H.C.R. No. 19 (Majority)

The purpose of this concurrent resolution is to request the Department of Transportation to plan for a pilot project of inter-island ferry service, which, upon approval and appropriation for funding by the Legislature, shall be implemented for a period of one year.

Your Committee finds that numerous studies have been conducted by State agencies and private concerns over a period of years on the feasibility and benefits of a state inter-island ferry system. The 1975 Legislature, mindful of the possible benefits of such a system, appropriated funds to subsidize or otherwise support such a system.

Recent studies conducted in the private sector, however, have raised serious questions as to the practical need for a ferry system and the high cost of such a system to the taxpayers of the State.

A one-year pilot project could determine with specificity and finality the possible cost, benefits and feasibility of a state subsidized inter-island ferry system.

Your Committee has amended this concurrent resolution as follows:

1. To call for a comprehensive plan for the pilot project to be prepared by the Department of Transportation;
2. To outline specifications for the plan; and
3. To provide for implementation upon approval and appropriation of funds by the Legislature.

Your Committee on Energy and Transportation concurs with the intent and purposes of H.C.R. No. 19, as amended herein, and recommends that it be referred to the Committee on Legislative Management as H.C.R. No. 19, H.D. 1.

Signed by all members of the Committee except Representatives Clarke and Evans.

Representatives Carroll and Larsen did not concur.

## SCRep. 625-76 Agriculture on H.R. No. 181

The purpose of this resolution is to request the United States Department of Agriculture, the Agricultural Marketing Service and the Bureau of Labor Statistics to change their reporting of food prices and cost of living index to more truly reflect other related agri-business costs in addition to farm costs.

Your Committee finds that the governmental news releases often allege, imply or foster the impression that rising food prices are the result of "rising" farm prices, thus inferring that the American farmer is realizing excessive profits. In addition to those cost increases directly attributable to the farmer, a more equitable reporting system should also include those cost increases attributable to food processors, transport and warehousemen, wholesalers, retail food chain stores and other "middlemen."

Your Committee on Agriculture concurs with the intent and purpose of H.R. 181 and recommends its adoption.

Signed by all members of the Committee except Representatives Abercrombie, Morioka and Amaral.

## SCRep. 626-76      Agriculture on H.R. No. 295

The purpose of this resolution is to request revisions in governmental agricultural reporting.

Your Committee finds that the present system of reporting and projecting agricultural commodity prices, economic conditions and trends, and the cost of living index employ and emphasize farm prices, i.e., the price paid to the actual grower. However, the reporting of non-farm related business activities generally reflect the aggregate value of the goods and services produced.

Your Committee further finds that this disparity between the methods used to report farm and non-farm related business activities deflates the value of agriculture to the economy and inflates the value to the economy of other activities.

Your Committee further finds that the true value of agriculture is its gross value to the State's economy, including the values contributed by food processors, transport warehouse activities and other handlers and that agricultural reporting would be more accurate if it included such values.

Your Committee on Agriculture concurs with the intent and purpose of H.R. 295 and recommends its adoption.

Signed by all members of the Committee except Representatives Morioka and Amaral.

## SCRep. 627-76      Agriculture on H.R. No. 182

The purpose of this resolution is to request a study of the imported lumber trade.

Your Committee finds changes in the Hawaiian lumber trade have created a shortage of wood chips and shavings which are critical to farm operations dealing with plants and animals.

Your Committee has amended this resolution to provide that, instead of a study, the Department of Agriculture be requested to develop a program, with lumber operators in the State who have a supply of wood chips and shavings, to insure the most efficient utilization and equitable distribution of the chips and shavings.

Your Committee on Agriculture concurs with the intent and purpose of H.R. 182, as amended herein, and recommends its adoption in the form attached hereto as H.R. 182, H.D. 1.

Signed by all members of the Committee except Representatives Morioka and Amaral.

## SCRep. 628-76      Agriculture on H.R. No. 186

The purpose of this resolution is to request the Department of Agriculture to study the effectiveness of more favorable electrical rates for farm use on the development of agriculture.

Your Committee finds that changes in agricultural production technology have often created increased dependence upon electrical power and that in order for farm enterprises to remain economically viable, there may be a need to restructure or readjust the cost of electrical power for farm use.

Your Committee has amended this resolution to request that the Public Utilities Commission, the Department of Regulatory Agencies and the electric companies in each county cooperate with the Department of Agriculture in this study.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 186, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 186, H.D. 1.

Signed by all members of the Committee except Representatives Morioka and Amaral.

SCRep. 629-76      Agriculture on H.R. No. 185

The purpose of this resolution is to recognize the importance of agriculture and to reaffirm the commitment of the legislature to support initiatives which remove or prevent the imposition of unnecessary legal restrictions and impediments as they relate to agricultural production and farm operations.

Your Committee finds that buildings, roads, and utilities are important considerations to the success or failure of agricultural operations. Your Committee finds, in addition, that present county building and zoning codes impose requirements on farm structures and support facilities which appear to be resulting in unnecessary hardship to agricultural producers.

Testimony received by your Committee at a public hearing on March 15, 1976 unanimously and strongly supports the contention that the present stringent building codes and zoning requirements should be relaxed and thereby materially enhance farming operations.

Your Committee has made technical amendments including amendments to the title and body of the resolution to include zoning codes and to more fully reflect the nature and scope of concern and to improve readability and style. The title of the resolution has been amended to read as follows: "REQUESTING COUNTIES TO AMEND BUILDING AND ZONING CODES REGARDING FARM OPERATIONS".

Your Committee on Agriculture is in accord with the intent and purpose of H.R. No. 185, as amended herein, and recommend its adoption.

Signed by all members of the Committee except Representatives Morioka and Amaral.

SCRep. 630-76      Health on S.B. No. 2231-76

The purpose of this bill is to change the name of the Kula Sanatorium and General Hospital to Kula Hospital.

Your Committee finds that the present name no longer properly describes the institution. The facility is no longer licensed for distinct tuberculosis beds, nor does it provide the range of services available in a "general" hospital.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2231-76 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 Amaral and Santos.

SCRep. 631-76      Agriculture and Water, Land Use, Development and Hawaiian Homes on S.B. No. 1577 (Majority)

The purpose of this bill is to permit the Board of Land and Natural Resources to extend an agricultural lease of state land for the purpose of obtaining mortgage money, if such extension is necessary to qualify the lease for mortgage lending or guaranty purposes, to an aggregate total of 65 years.

The bill has been further amended to provide that leases of lands for intensive agricultural or special livestock use may be canceled and reissued to the prior lessee, regardless of the remaining term of the lease, provided that the Board of Land and Natural Resources deems such action to be to the greater economic benefit of the State. The annual rental for the new lease shall be determined in accordance with existing law, but shall not be less than for the preceding lease term. The lessee is not eligible for a further such cancellation and reissuance of the lease, the land reverting to unencumbered status, and available for disposition under appropriate law. The limitation of the aggregate lease term for 65 years has been deleted since agricultural leases are limited to a maximum of 55 years and incorporation of this provision would enable a longer term in the aggregate than such maximum.

Your Committees have further amended the bill by deleting references to intensive pasture use and replacing it with special livestock uses to ensure reasonable application of the proposed changes.

Your Committees have further amended the bill to restore the power of the board to modify or eliminate statutory requirements to assist lessees upon issuance of the lease in meeting lender or guarantor requirements so that the board will retain its existing powers, in addition to the right to so act during the term of an intensive agricultural or special livestock use lease, or to extend the term of a lease.

Other style and technical amendments have been made.

Your Committees on Agriculture and Water, Land Use, Development, and Hawaiian Homes are in accord with the intent and purpose of S.B. No. 1577, SD 1, HD 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1577, S.D. 1, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Morioka.

Representative Roehrig did not concur.

SCRep. 632-76      Legislative Management

Informing the House that House Resolution Nos. 461 to 465, House Concurrent Resolution No. 87, and Standing Committee Report Nos. 633-76 to 646-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 633-76      Youth and Elderly Affairs on H.R. No. 314

The purpose of this resolution is to request the appointment of an interim committee to work together with certain public and private agencies to review the law concerning child abuse and neglect and make recommendations concerning its improvement; and to develop criteria for assessing the term "mental injury" included in Act 147 by the 1975 Legislature.

The goal of child abuse laws is to protect children from situations over which they have no control, and which are demonstrably detrimental to children. The present child abuse and neglect reporting law was originally written with community and inter-agency collaboration, and your Committee concurs with testimony presented that this is a useful, effective and democratic method to employ in improving that law.

In requesting the development of criteria for assessing "mental injury", your Committee is not requiring an exclusive definition, but is rather suggesting the establishment of useful guidelines.

This resolution has been amended so as to include in the working committee private as well as public agencies.

Your Committee would like to stress that, although it was not possible to request an appropriation for travel by neighbor island representatives, it is considered to be of the greatest importance that every effort be made to guarantee neighbor island participation in every phase of the requested actions.

Your Committee has amended the first be it resolved clause for purposes of clarification and grammatical accuracy.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 314, as amended herein, and recommends that it be adopted in the form attached hereto as H.R. No. 314, H.D. 1.

Signed by all members of the Committee.

SCRep. 634-76      Education on H.R. No. 172

The purpose of this Resolution is to request the Legislative Reference Bureau to undertake a feasibility study concerning early retirement for teaching personnel in the State of Hawaii. The Legislative Reference Bureau is also requested to examine the cost

benefit analysis of retirement incentives similar to the federal retirement program.

Your Committee finds that the lack of long range planning and the failure to coordinate policy between various governmental agencies has created a situation wherein we now have a large surplus of teachers. At present, there are 3,000 teachers on the Department of Education's employment waiting list. This number does not reflect those who have been forced to apply for other types of jobs, either in Hawaii or elsewhere.

Your Committee concurs that the State is obligated to provide greater employment opportunities to unemployed teachers. Although the early retirement of teachers has been suggested as a partial solution to the problem, it requires further study.

Your Committee on Education concurs with the intent and purpose of H.R. No. 172 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representatives Amaral and Santos.

SCRep. 635-76 Education on H.C.R. No. 27

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to undertake a feasibility study concerning early retirement for teaching personnel in the State of Hawaii. The Legislative Reference Bureau is also requested to examine the cost benefit analysis of retirement incentives similar to the federal retirement program.

Your Committee finds that the lack of long range planning and failure to coordinate policy between various governmental agencies has created a situation wherein we now have a large surplus of teachers. At present, there are 3,000 teachers on the Department of Education's employment waiting list. This number does not reflect those who have been forced to apply for other types of jobs, either in Hawaii or elsewhere.

Your Committee concurs that the State is obligated to provide greater employment opportunities to unemployed teachers. Although the early retirement of teachers has been suggested as a partial solution to the problem, it requires further study.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 27 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representatives Amaral and Santos.

SCRep. 636-76 Education on S.B. No. 1623

The purpose of this bill to prevent sex bias in our public school system by eliminating the channeling of students into stereotyped sex roles. This bill ensures that no person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational or recreational program or activity receiving State financial assistance or utilizing State facilities.

The Report on Sex Bias in the Public Schools of Hawaii by the Hawaii Task Force on Sex Bias in Education summarizes that, "Sex-bias is endemic to our society, the product of generations of socialization. Therefore, only a deliberate, well-planned, sustained institutional policy of counter-action can substantially offset the bias that suffuses the social environment of the school and its tools of instruction."

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1623, S.D.1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Amaral and Santos.

SCRep. 637-76 Water, Land Use, Development, and Hawaiian Homes on S.B. No. 1824-76

The purpose of this Act is to require that all purchasers or lessees of State land to pay or reimburse the State for all appraisal costs where independent appraisals are

required by law or dictated by prudent management.

Under the present law, the State has been absorbing the cost of appraisals at reopenings and repurchases. The proposed amendment provides that the cost of appraisal by a disinterested appraiser of State lands is to be borne by the purchaser or lessee, except in the case of a third appraiser, where the Board and the purchaser or lessee would share the costs equally. It is also proposed that where an independent appraisal is made, the Board must adhere to that value; where the appraisal is made by an employee of the Board, the Board may set the sale or lease price at less than the appraisal. The employee of the Board may only appraise lands for sale or lease at public auction.

The bill has been amended by deleting reference to the cost of the first appraiser in lease reopenings to be paid by the State.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1824-76, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1824-76, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morioka.

SCRep. 638-76          Water, Land Use, Development, and Hawaiian Homes  
on S.B. No. 2884-76

The purpose of this bill is to amend Section 205-1, Hawaii Revised Statutes, to provide that the Executive Officer position of the Land Use Commission shall be exempt from civil service status.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 2884-76, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morioka.

SCRep. 639-76          Water, Land Use, Development, and Hawaiian Homes on  
S.B. No. 1825-76

The purpose of this Act is to provide that the Special Land and Development Fund may be used to pay all appraisal costs incurred by the Department of Land and Natural Resources in the management of State lands, and to increase the permitted annual expenditure for the maintenance of State lands from \$25,000 to \$100,000, and to extend the lands covered from "public lands" to "State lands under the control and management of DLNR."

Subsection (2) of HRS Section 171-19 permits the Board to use the Special Land and Development Fund for the incidental maintenance of public lands and improvements thereto. Expenditure is limited to \$25,000 in any single fiscal year. The Board is responsible for the conservation lands, forest reserves, State park lands, lands set aside by Governor's executive orders, and Hawaiian Home lands returned to the Department for control and management. Your Committee feels that the use of the Special Fund for incidental maintenance be extended to all the State lands for which the Board is responsible. Increased costs of all types of services made the \$25,000 figure obsolete.

Subsection (4) authorizes the Board, without further legislative action, to use the Special Land and Development Fund to pay reimbursable appraisal fees "upon collection of the fees" from purchasers and/or lessees of the lands appraised. The Board incurs numerous appraisal costs for which no reimbursement is received and which reimbursement is not required by law.

Your Committee feels this Act would permit the Board to pay both reimbursable and non-reimbursable appraisal fees from the Special Fund and provide that the Special Fund would be reimbursed to the extent such fees are collected from purchasers and/or lessees of State lands.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1825-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morioka.

SCRep. 640-76 Culture and the Arts on H.R. No. 352

The purpose of this resolution is to request the Department of Land and Natural Resources and the Friends of Iolani Palace to provide space within the Iolani Barracks for storing the Royal Guardsman equipment.

Currently, all equipment used by the Royal Guards is kept for the most part by each individual Guardsman. Your Committee finds that this is a troublesome means of maintaining what is State property for purposes of inventory. Likewise, it is a burden on each individual Guardsman, as optimally, dry air-conditioned facilities should be used to store the rifles, uniforms and helmets of the Royal Guard in its best condition, and each member of the Guard cannot and should not be asked to perform this task. The role that the Royal Guard plays is a significant and commendable one, and your Committee believes that they should be supported in whatever ways that are possible.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.R. No. 352, and recommends that it be referred to the Committee on Water, Land Use, Development, and Hawaiian Homes.

Signed by all members of the Committee except Representative Oda.

SCRep. 641-76 Culture and the Arts on H.C.R. No. 58

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources and the Friends of Iolani Palace to provide space within the Iolani Barracks for storing the Royal Guardsman equipment.

Currently, all equipment used by the Royal Guards is kept for the most part by each individual Guardsman. Your Committee finds that this is a troublesome means of maintaining what is State property for purposes of inventory. Likewise, it is a burden on each individual Guardsman, as optimally, dry air-conditioned facilities should be used to store the rifles, uniforms and helmets of the Royal Guard in its best condition, and each member of the Guard cannot and should not be asked to perform this task. The role that the Royal Guard plays is a significant and commendable one, and your Committee believes that they should be supported in whatever ways that are possible.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.C.R. No. 58, and recommends that it be referred to the Committee on Water, Land Use, Development, and Hawaiian Homes.

Signed by all members of the Committee except Representative Oda.

SCRep. 642-76 Culture and the Arts and Labor and Public Employment on S.B. No. 2819-76

The purpose of this bill is to delete the requirement to establish a compensation plan by statutes for professional and technical employees (Category B) who are exempted from the coverage of chapters 76 and 77.

On February 11, 1976, a report concerning a compensation plan for Category B employees was submitted by the Director of Personnel Services to the Legislature for its information and consideration. In this report, what was recommended was an alternative of not establishing any compensation plan through legislation due to the small number of employees (6) who are determined to be exempted from coverages of chapters 76 and 77. Further, it is felt more practical to administer employment of this nature under annual personal services contract than to establish a compensation plan. Establishment of a compensation plan by statutes would create a system which would be cumbersome, inflexible, inefficient, and out of mode with collective bargaining.

Testimony by Dr. Mary Bitterman, Executive Director of Hawaii Public Television voiced support. This bill would take the employees of Hawaii Public Television off the University of Hawaii's APT salary schedule, and instead provide for annual employment contracts.

Your Committees on Culture and the Arts, and Labor and Public Employment are in accord with the intent and purpose of S.B. No. 2819-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Santos.

SCRep. 643-76      Water, Land Use, Development, and Hawaiian Homes and Environmental Protection on H.R. No. 225

The purpose of this resolution is to request the appointment of an interim committee to formulate a timetable for the orderly development of a Kakaako Waterfront Park and to submit this timetable to the Ninth Legislature, Regular Session, 1977.

Your Committees find that the Eighth Legislature, Regular Session, 1975, realizing the need for more park space in central Honolulu, appropriated \$1,000,000 for the extension of Ala Moana Park.

The Department of Planning and Economic Development published a report entitled: Kakaako, an Urban Demonstration, partially in response to H.R. No. 475, H.D. 1, 1975. This report did not offer a single plan for the shoreline lands. Instead, four alternatives were presented. Therefore, your Committees believe that an interim committee would help resolve differences and promote a positive program.

Your Committees on Water, Land Use, Development, and Hawaiian Homes and Environmental Protection concur with the intent and purpose of H.R. No. 225 and recommend its adoption.

Signed by all members of the Committees except Representatives Morioka and Carroll.

SCRep. 644-76      Water, Land Use, Development, and Hawaiian Homes and Environmental Protection on H.C.R. No. 34

The purpose of this concurrent resolution is to request the appointment of an interim committee to formulate a timetable for the orderly development of a Kakaako Waterfront Park and to submit this timetable to the Ninth Legislature, Regular Session, 1977.

Your Committees find that the Eighth Legislature, Regular Session, 1975, realizing the need for more park space in central Honolulu, appropriated \$1,000,000 for the extension of Ala Moana Park.

The Department of Planning and Economic Development published a report entitled: Kakaako, an Urban Demonstration, partially in response to H.R. No. 475, H.D. 1, 1975. This report did not offer a single plan for the shoreline lands. Instead, four alternatives were presented. Therefore, your Committees believe that an interim committee would help resolve differences and promote a positive program.

Your Committees on Water, Land Use, Development, and Hawaiian Homes and Environmental Protection concur with the intent and purpose of H.C.R. No. 34 and recommend its adoption.

Signed by all members of the Committees except Representatives Morioka and Carroll.

SCRep. 645-76      Water, Land Use, Development, and Hawaiian Homes and Environmental Protection on S.B. No. 2092-76

The purpose of this Act is to eliminate a dual jurisdiction at the county level within the shoreline area by designating the same body to be responsible for administering shoreline setback and shoreline protection regulations.

Your Committees find that a single county agency should be responsible for all shoreline actions to eliminate the necessity of a citizen having to obtain two separate clearances at the county level. In the City and County of Honolulu, there is a possibility of conflicts between the City Council, the shoreline authority under Act 176-1975, and the Zoning Board of Appeals, the issuing authority for shoreline setback variances. These functions

are presently being exercised by the Planning Commissions of the other three counties. Your Committees find that though this situation is unique to the City and County of Honolulu, S.B. No. 2092-76, S.D. 2, is applicable to all counties. This was not the intent of the Senate Committee on Economic Development.

Therefore, to give the counties the flexibility they desire, your Committees have amended the bill on lines 15 and 16 of page one and lines 1, 2, and 3 of page two. The wording from line 15 on page one to line 3 of page two reads:

"the plans with its recommendations to the [governmental body of the county authorized to grant variances from zoning requirements.] county planning commission except in counties where the county planning commission is advisory only in which case to the county council or such body as the council shall by ordinance designate. Such governmental body"

Your Committees on Water, Land Use, Development, and Hawaiian Homes and Environmental Protection are in accord with the intent and purpose of S.B. No. 2092-76, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2092-76, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Ho and Carroll.

SCRep. 646-76      Water, Land Use, Development, and Hawaiian Homes on  
S.B. No. 2094-76

The purpose of this Act is to ensure that in taking or disposing of property, a condemning authority conforms to existing county zoning and subdivision processes.

This would be accomplished by deleting reference to the condemning authority in matters related to administering zoning ordinances, substituting instead the words "appropriate county zoning authority." Wording is also inserted to indicate that the condemning authority may "make application for subdividing" (instead of "subdivide"), for clarification.

As worded now, Section 101-2, H.R.S., is in conflict with existing county processes because it directs a condemning authority to make judgments concerning "requirements of the applicable zoning regulations" and to "subdivide."

Your Committee feels that it is not appropriate for counties with a condemning authority to determine whether a property conforms to or can be put to reasonable use under applicable zoning regulations or to "subdivide." Your Committee feels this should be done by the appropriate existing county authority, such as a planning director or planning commission.

Your Committee on Water, Land Use, Development, and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 2094-76, 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 Morioka.

SCRep. 647-76      Legislative Management

Informing the House that House Resolution Nos. 466 to 476, House Concurrent Resolution Nos. 88 to 90, and Standing Committee Report Nos. 648-76 to 694-76, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 648-76      Health and Water, Land Use, Development, and Hawaiian Homes  
on S.B. No. 2519-76

The purpose of this bill is to provide the statutory authority for establishing regulations and standards for safe drinking water.

The Department has been encouraging voluntary compliance with the previously appli-

cable U.S. Public Health Service drinking water standards in the absence of statutory authority to compel compliance. This bill corrects this deficiency and provides the Department with sufficient administrative flexibility to grant water purveyors with additional time for compliance when there are compelling reasons, such as economics.

In addition to covering the delivery of drinking water, this bill provides for the protection of underground water resources from contamination. The scope of authority allowed the Department is intended to be broad enough to regulate, by rule or by permit, such sources as injection wells, ponds, cesspools, septic tank drainage fields, sanitary land fills, and leakages from storage tanks for gasoline and other petroleum products. It is further intended that the Director of Health conduct necessary studies and consult the respective managers of the county water departments for guidance in promulgating regulations for underground injection control to protect present and future water resources. However, control by permit should clearly place the burden of proof on the person responsible for the source to show that his activity will not contaminate present and future drinking water sources.

Your Committees recognize that the small privately operated systems may have difficulty in complying with the national primary drinking water regulations because of unfavorable economics of scale, age of facilities, and low per capita income of the consumers. This bill, in light of these circumstances, authorizes the Department to allow these systems greater time permits for completion with standards. Exemptions can be granted until January 1, 1983, provided that the system is part of an enforceable agreement to regionalize. Otherwise, exemptions can be granted until January 1, 1981.

Your Committees also concur with the underlying principle of both the federal Act and this bill that uncertainties should be resolved by the Director of Health in favor of public health protection.

Your Committees have made the following substantive amendments to clarify and strengthen the scope and extent of this bill. These amendments are as set out below:

- (1) To clarify the scope and coverage of this bill, the word "or" on page 5, line 21, was deleted and the word "and" substituted. The paragraph, as amended, would read:
  - (A) Consists only of distribution and storage facilities (and which does not have any collection and treatment facilities); and. . .
- (2) To allow the Director of Health greater administrative flexibility in regulating cross-connection and backflow prevention control on page 6, line 9, the word "shall" was deleted and the word "may" substituted: The paragraph, as amended, would read:
  - (4) The Director may promulgate and enforce regulations relating to cross-connection and backflow prevention and control.

Your Committees on Health and Water, Land Use, Development, and Hawaiian Homes are in accord with the intent and purpose of S.B. No. 2519-76, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2519-76, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Morioka, Amaral and Santos.

SCRep. 649-76            Housing on S.B. No. 2603-76

The purpose of this bill is to establish within the Office of the Governor a Council for Housing and Construction Industry.

The proposed council, composed of twenty-four members representing the administration, the legislature, the county governments, and the various elements of the housing and construction industry, would survey the statewide needs for housing and suggest means of overcoming difficulties in meeting these needs through an examination of the governmental structure, activities and strictures, as they relate to housing. In addition the council would provide research and analysis in the area of innovative building materials, analyze the existing mortgage financing structure and recommend means to help assure the maintenance of a viable market, establish a clearing house of information for the housing and construction industry, report its findings and activities in an annual report to

the governor and legislature, and recommend specific administrative changes and legislative proposals.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 2603-76, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 650-76 Youth and Elderly Affairs on S.B. No. 1899-76 (Majority)

The purpose of this Act is to improve the delivery of programs and services for the State's children and youth. There are several major problems in the area of children and youth programs and services, such as the lack of coordination among the services and planning activities of the various departments of the State, duplication of services, lack of clarity and responsibility for services, and inadequately articulated interagency programs.

The Act provides for the establishment of a new office, the office of children and youth, within the office of the governor, to replace the existing commission on children and youth and the existing office of youth affairs, office of information and youth affairs in the office of the governor. This Act also provides for an advisory council for children and youth. Finally, this Act provides for the transfer of the functions and funds of the youth component of the office of information and youth affairs.

The intent of this Act is to provide the counties maximum authority in the development and implementation of their own programs. For this reason no attempt has been made to prescribe the form to be followed by the local county committees referred to in Sec. 581-3(7) of this Act. Should the counties at some time in the future wish to devise a uniform structure to be utilized throughout the State, this Act may be amended to incorporate the additional provisions.

Your Committee has amended the director's required qualifications, Sec. 581-1, of this Act to allow for greater flexibility. Your Committee feels that this section as originally written would have unnecessarily and undesirably restricted the number of qualified applicants for this important position.

Sec. 581-3 has been amended by omitting those provisions directing the office to study, review or monitor facts or policies of the police departments, family courts, probation departments and detention and correctional facilities, in order to avoid any possible conflict between the executive branch and the judiciary.

The composition of the advisory council has been changed in two ways as follows:

(1) The director of the office has been removed from the list of ex-officio members; and the senior judge of the family court, first circuit, has been added. Your Committee desired to hold the number of council members to nineteen and yet ensure family court participation, and it was felt that the director would have ample opportunity for interaction with the council without his being a specified member.

(2) Two citizens of unspecified age have been substituted for two citizens under the age of twenty-six in order to increase flexibility and allow for participation by older lay people, should that be deemed desirable.

Your Committee has substituted the word "assist" for "advise" in Sec. 581-22, (2)-(6), detailing the specific powers, duties and responsibilities of the council. Your Committee feels that, while the council is to function in an advisory capacity generally, this is not inconsistent with the more active but no more decisive or dominant function of assisting in particular activities such as seeking the opinion of the general public.

Sec. 581-32 of this bill as received by your Committee provided for legislative review of the joint agreement of cooperation to be arrived at by the advisory council and the juvenile justice coordinating council under the bill's provisions; your Committee has amended this section to provide for legislative approval as well as review in order to ensure that said agreement is consonant with the overall intent of this bill.

SECTION 3 has been deleted. This section amended Chapter 27C, Hawaii Revised Statutes, creating the office of information and youth affairs, so as to make it conform to the provisions of this bill eliminating the youth component of that office and transferring that component's functions and funds to the office of children and youth. It was felt

that a separate bill, H.B. No. 3162-76, was a more appropriate vehicle for accomplishing this purpose.

SECTIONS 4, 5 and 6 have been renumbered 3, 4 and 5, respectively.

Your Committee has, as a precaution, inserted a severability clause, numbered SECTION 6.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of S.B. No. 1899-76, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1899-76, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

Representative Sutton did not concur.

SCRep. 651-76      Energy and Transportation on S.B. No. 1855-76

The purpose of this Bill is to amend Section 286-102(b), Hawaii Revised Statutes to place buses with a gross vehicle weight rating of ten thousand pounds or less in another category of motor vehicles.

For the purpose of consistency, your Committee has amended this Bill so that subsection(c) reflects the amendment to subsection(b).

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 1855-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1855-76, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Kondo, Carroll and Clarke.

SCRep. 652-76      Education on S.B. No. 1809-76

The purpose of this Act is to amend the Statutes governing the solicitation of students by agents of private and correspondence schools. The bill increases the surety bond posted by such agents from \$1,000 to \$2,000 and increases the fee for license application and renewal from \$5 to \$10. The bill also establishes a uniform license year.

Your Committee is in agreement with the purpose to increase the surety bond and license fee since these are necessitated by rising costs. Your Committee also concurs with the bill's intent to establish a uniform license year since this practice will simplify operations.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1809-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Amaral and Santos.

SCRep. 653-76      Public Assistance and Human Services and Health on  
S.B. No. 2121-76

The purpose of this bill is to amend Chapter 346, Hawaii Revised Statutes, by adding a new section which directs the Department of Social Services and Housing to pay providers of medical and other professional health care services participating in the Medicaid program, their usual and customary fees up to the maximum which federal rules permit; provided that, payments for the period covering the appropriation of funds pursuant to this Act, do not exceed those used as the basis for the appropriation. On even numbered years, the Director must submit a report to the Legislature concerning the adequacy of the maximum fees allowable under federal law.

The bill further amends Chapter 346 by amending Section 346-58, "Dental care; reimbursement of dental services", which currently allows the Department to pay dentists for

services to Medicaid patients at their usual and customary fees up to the maximum which federal rules permit. This section would be amended to include the same provisions for payment of fees delineated for medical and other health care professionals.

Medicaid is a state administered, federally subsidized, medical assistance program which provides for comprehensive services to meet the health needs of Hawaii's welfare recipients and Supplemental Income beneficiaries, as well as low-income individuals and families who are medically needy. Presently, the program serves an average of 86,800 persons per month, at an estimated total cost of \$54,229,176 for fiscal year 1975-76.

The federal matching share is 50% of the cost of medical care and services; however, matching funds are not available of medical payments made in behalf of General Assistance adult recipients and pensioners. Thus, the actual federal share in Hawaii's program is about 42% or \$23,022,851 for fiscal year 1975-76 and the State's share is 58% or \$31,276,325.

The Medicaid program provides for individual choice of service providers and to this end, the Department has enlisted the participation of licensed private practitioners, clinics, laboratories and other sectors of Hawaii's health care delivery system. With the exception of professional services, payment levels to these providers are at the upper limits permitted by federal regulations. The regulations currently allow states to pay participating health care professionals at their usual and customary fees up to the 75th percentile of prevailing charges. The 75th percentile is determined by distributing individual charges for specific services on a normal bell curve. However, these profiles do not reflect current charges; they reflect the prevailing charges of the year previous to the one for which the 75th percentile is being determined. With the exception of dentists, Hawaii's health care professionals are presently reimbursed for services at 75% of usual and customary fees that do not exceed the 75th percentile of prevailing charges.

The Department testified that in contrast to the present rate of payments to non-professional providers, payments to physicians are far below the upper limit allowed by federal regulations. This factor was cited as being one reason why a majority of physicians limit their services to Medicaid patients. Testimony presented by physicians substantiated the Department's claim.

Your Committees recommend the following amendments to the bill for purposes of clarifying and expediting the implementation of this Act:

a) Section 2, Medical and other professional health care services, was amended to include payment for dental services which are presently provided for in Section 346-58, Hawaii Revised Statutes. Payments for all professional health care services under Chapter 346 should be subject to the same guidelines.

b) A section was added to repeal Section 346-58, "Dental care; reimbursement of dental services".

c) Section 2 was amended to provide that biennial budgeting pursuant to this Act shall be based upon the most current profile of usual and customary fees. The Department should coordinate its efforts with the Hawaii Medical Services Association to enable use of the most currently available profiles as the basis for budgeting and payment of fees.

d) Section 2 was amended further to stipulate that on even numbered years, the director must report to the legislature the amount of additional moneys required to raise the level of payment to the prevailing profile of usual and customary fees. The amendment also provides that such amount shall be reflected in the Governor's supplemental budget to the legislature. Pending appropriation of additional funds, the profile upon which the appropriation was based would be utilized as the basis for payment for the remainder of the biennial period.

e) A new section was added to provide for the severability of any provision or application of this Act.

f) The effective date of this Act was amended to July 1, 1976, to give the Department sufficient lead time for implementation.

Your Committees find that the projected cost for all professional services in 1976-77, based on the proposed increase in payments for physicians, is \$22,459,071. This represents an increase of \$4 million over the amount appropriated for the current fiscal year.

An appropriation of \$2.3 million is necessary to cover the State's share of implementing the proposed payment schedule.

Your Committees recommend that the Department establish a viable mechanism for monitoring the participation of health care professionals in the Medicaid program, in order to control costs and to allay its concern regarding the possibility of undue increases in professional health care fees.

Your Committees on Public Assistance and Human Services and Health are in accord with the intent and purpose of S.B. No. 2121-76, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2121-76, S.D. 1, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives  
Amaral and Santos.

SCRep. 654-76      Health on S.B. No. 2294-76

The purpose of the Act is to ensure greater public participation in health planning by establishing subarea planning councils.

In 1975, the Legislature enacted the Health Resources and Development Act in accordance with federal law to develop a health planning system. The intent of the law was to ensure the greatest amount of public participation in health planning. To do this, a system in which local planning agencies would be responsible for developing health plans in designated areas was established. The local agency health plans would then become part of the State health plan which would serve as the statewide guide for the development of health services.

Because of its particular geographic and population characteristics, Hawaii was exempted under the federal law from forming local health planning agencies and the State planning agency was designated the agency responsible for health planning. As a result, Hawaii had one agency for health planning.

Your Committee feels that, with the designation of the State agency as the planning agency, public participation in health planning has been limited. Your Committee, therefore, feels that a mechanism should be established to increase such participation.

Your Committee further feels that any system created for public participation in health planning should be in consonance with the present health planning procedure established under Public Law 93-641. Your Committee has, therefore, considered providing for subarea health planning councils which generally reflects the health planning process established under Chapter 323D, Hawaii Revised Statutes, and Public Law 93-641 relating to health planning.

Your Committee on Health has amended Senate Bill No. 2294-76, S.D. 2 as follows:

- (1) Subarea health planning councils; established. Your Committee has deleted references to the health systems agency and substituted State health planning and development agency. Your Committee finds that Hawaii's health systems agency is the State planning and development agency.
- (2) Functions. Your Committee has amended the functions of the subarea councils as follows:
  - (a) Identify and recommend to the State health planning agency the data needs and special concerns of the respective subareas;
  - (b) Recommend a subarea health plan for its respective subarea which is coordinated with the goals and priorities of the State health plan;
  - (c) Review that portion of the State health plan annual implementation plan and budget of the respective subareas and make recommendations for revisions to the statewide health coordinating council;
  - (d) Advise the State agency in the administration of the certificate of need program for their respective subareas.
- (3) Your Committee has deleted sections relating to submittal of plans to subarea

health planning councils and effect of recommendations. The general concept of these two sections have been incorporated into the functions of the councils.

- (4) Representation on the statewide health coordinating council. Your Committee has provided for one member of each subarea council to be a member of the statewide health planning council.
- (5) Your Committee has amended section 323D-12 and section 323D-13 to clarify the relationship between the subarea councils and the State planning agency and the statewide health coordinating council.
- (6) Your Committee has amended the expending agency for the appropriation from the office of the governor to the Department of Health.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2294-76, S.D. 2, as amended herein, and recommends it pass Second Reading in the form attached hereto as S.B. No. 2294-76, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Amaral and Santos.

SCRep. 655-76      Environmental Protection on H.R. No. 354

The purpose of this resolution is to request that the Office of Environmental Quality Control arrange for a litter survey, preferably state-wide, but at a minimum on Oahu and that such findings offer proposals and programs for the control of litter.

Your Committee finds that Hawaii has no reliable litter data base on which to develop an effective program for controlling and eliminating litter. Such a program is essential to the environmental quality of this State.

Your Committee on Environmental Protection concurs with the intent and purpose of H.R. No. 354 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 656-76      Education on S.B. No. 2235-76

The purpose of this bill is to expand the Student Conference Committee of the Secondary School Students Conference, by the inclusion of two students from schools represented by the Hawaii Association of Independent Schools.

The Secondary School Students Conference enables students in our secondary schools to identify, discuss, and arrive at recommended solutions to major problems. One of the significant results of the annual student conference is the spirit of cooperation and togetherness generated among all of Hawaii's students - public and private. Conference communication with the private schools can be greatly facilitated through student planners from the Hawaii Association of Independent Schools.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2235-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Amaral and Santos.

SCRep. 657-76      Labor and Public Employment on S.B. No. 849

The purpose of this bill is to update the meaning of the term "transfer" by covering four specific categories under which personnel transfers will occur. The four categories of transfer are: (1) in the same class; (2) in a different class assigned to the same pay range in the same salary structure; (3) in a different salary structure and in a class assigned to a pay rate of the pay range of the class which the employee is transferring from, or; (4) in a different salary structure and in a class assigned to a pay range whose

highest pay rate is less than or exceeds the highest pay rate of the class which employee is transferring from, by no more than the dollar difference between the first and second step of the pay range of the class the employee is transferring from.

Your Committee finds that section 76-35, Hawaii Revised Statutes is obsolete and was written when all civil service employees were under the same salary schedule. With collective bargaining, there are ten salary schedules for civil service employees with variations in rate for different bargaining units.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 849 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 658-76      Labor and Public Employment on S.B. No. 2562-76

The purpose of this bill is to release certain employees of the Kauai Veterans Memorial Hospital from the obligation to repay the government for errors made in the payment of standby pay to them under the various collective bargaining agreements.

Your Committee finds that these errors occurred in the early days of collective bargaining under the first agreements and the standby provision were subject to different interpretations. After using one interpretation, the management of Kauai Veterans Memorial Hospital was told that their interpretation was wrong and the employees were told that they would have to repay all the money paid to them in error.

Your Committee finds that it was not the employees fault and it will be a great burden on them to repay the money at this late date and it would have an adverse effect on their morale.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2562-76, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 659-76      Labor and Public Employment on S.B. No. 2027-76

The purpose of this bill is to authorize the establishment of rules and regulations to cover those cases when an earlier or later effective date of reallocation would more appropriately reflect the actual change in work assignment.

Presently, the statute provides that reallocations be made effective retroactively to the beginning of the pay period immediately following the date the request for reallocation was filed with the Director of Personnel Services. The specificity of the language does not permit the use of more appropriate effective dates as circumstances warrant.

For example, a department submitted a reallocation request on January 15, 1976 covering certain positions. Assuming that the Department of Personnel Services reallocated these positions, the effective date of the action under present statutory provision would be January 16, 1976. However, in the process of responding to the request it was discovered that the originating department overlooked other similar positions that should have been included in the original request. Hence, following the present statutory language would result in the overlooked positions being reallocated at a later effective date. Under the bill such positions would be treated in the same manner as those positions covered under the original request.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2027-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 660-76 Labor and Public Employment on S.B. No. 2226-76

The purpose of this bill is to allow employees of the former Puunene Hospital on Maui and the former Waimea Hospital on Kauai to purchase their previous service with these institutions for purposes of retirement under the State retirement system.

Presently there are 23 former employees of the Puunene Hospital who are affected and who have an average of about 6 1/4 years of former service which is purchaseable. About ten employees of the Waimea Hospital, with an average purchaseable service of eight years, are involved.

Your Committee has corrected a typographical error in this bill. On line 12 on page 3, delete the word "Dispensary" and substitute therefor the word: "Hospital".

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2226-76, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2226-76, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Naito and Santos.

SCRep. 661-76 Labor and Public Employment on S.B. No. 2643-76

The purpose of this bill is to increase the monthly contribution made to the health fund by all state and county agencies from \$2.57 to \$3.26 for each child who has not attained the age of nineteen of all employee-beneficiaries who are enrolled for dental benefits. An appropriation of \$243,400 for fiscal year 197677 is made for the purpose of this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2643-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Naito and Santos.

SCRep. 662-76 Labor and Public Employment on S.B. No. 2024-76

The purpose of this bill is to provide employees excluded from collective bargaining sabbatical leaves and with pay equal to one-half of the basic compensation which he was receiving at the commencement of the leave.

Your Committee finds that excluded employees who are granted sabbatical leave are entitled to receive the difference between their existing pay and the pay of the minimum step of the salary range (substitute pay), with payment being made upon the return of the employee from sabbatical leave. Your Committee also finds that payment could be as little as five per cent of the employee's normal pay and the Committee feels that most employees do not have the financial resources to leave active employment to pursue professional improvement under the current practice.

Your Committee further finds that while only a relatively few employees will elect to go on sabbatical leave, the inducement offered must be realistic enough to encourage employees to take advantage of opportunities to gain additional education, improve professional competence, and, hopefully improve the quality of public service rendered due to these times of rapidly changing conditions.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2024-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Naito and Santos.

SCRep. 663-76 Labor and Public Employment on S.B. No. 2028-76

The purpose of this bill is to re-define the criteria governing employee entitlement

to the annual 15 days military leave with pay.

Presently, any employee is entitled to military leave with pay, including those hired for short durations.

This bill would require a minimum appointment of six months before military leave with pay is granted to public officers and employees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2028-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 664-76      Labor and Public Employment on S.B. No. 1798-76

The purpose of this bill is to authorize the Attorney General to represent State employees in tort actions arising out of acts or omissions of the employees which occurred while the employees were acting within the scope of their employment.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1798-76, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 665-76      Labor and Public Employment on S.B. No. 1667

The purpose of this bill is to defer the payment of annual and longevity pay increases for employees who are excluded from the bargaining in any fiscal year that bargaining unit employees do not receive annual and longevity pay increases because an increase in the wage schedule took effect.

Act 164, Session Laws of Hawaii 1975, adopted the concept for deferral of annual and longevity pay increases whenever a general pay increase was negotiated for employees covered by collective bargaining. The intent of this bill is to be consistent in administering pay adjustments for employees excluded and covered by collective bargaining agreements.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1667 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 666-76      Labor and Public Employment on S.B. No. 2409-76

The purpose of this bill is to provide police benefits for service-connected total disability retirement equivalent to that provided to firemen and sewer workers.

Your Committee has amended this bill by making parallel amendments in relation to service-connected occupational disability retirement and accidental death benefits.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2409-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2409-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 667-76      Labor and Public Employment on S.B. No. 2827-76

The purpose of this bill is to establish a program of repair and maintenance of public

facilities and stimulate job opportunities for trades affected by unemployment.

Data for 1975 indicate that employment in contract construction trades was down almost 12 per cent from the preceding year. This reflects the trend in recent years of a slowdown in construction activity, a trend expected to continue in the near future.

The repair and maintenance of public facilities is a promising program which your Committee believes can be used to combat unemployment. Repair and maintenance activities are labor-intensive; they involve trades sharply affected by unemployment; the program itself has not received the attention and it should, particularly with respect to the protection of public investment through preventive maintenance; and the program can be accelerated not without the long lead time required for major construction projects.

Your Committee feels that any unexpended balance of the appropriations made by this bill should not lapse and, therefore, has amended this bill by deleting Section 4 thereof.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2827-76, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2827-76, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 668-76      Labor and Public Employment on S.B. No. 2715-76

The purpose of this Act is to convert all full-time exempt positions of the Stadium Authority to civil service status with the exception of the manager, deputy manager, and persons hired on contract or as otherwise provided in section 109-3, Hawaii Revised Statutes, and to provide that the present employees converted to a civil service status shall revive at least their present pay rate.

Your Committee finds that under the existing law, employees of the Stadium Authority are exempt from the provisions of chapters 76 and 77. Your Committee also finds that it was intended, in granting the exemption, to render the Authority the flexibility to quickly formulate an effective working staff in its formative phase of operation. Since the completion of the stadium, they have a full complement of employees and these employees should have the same rights and benefits as other employees of the State.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2715-76, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 669-76      Labor and Public Employment on S.B. No. 2745-76

The purpose of this bill is to establish a State Employment and Training Program, authorizing the Director to establish priorities designed to meet the employment needs of the unemployed and underemployed and develop a whole new cadre of skilled individuals through a training program.

This bill further provides an appropriation of \$19,000,000 to enable the program to establish approximately 1,300 participant positions for one year, including cost of salaries, fringe benefits, and administrative costs. The Director may establish a subsidy and loan program to employers in private industry to encourage hiring and training of unemployed and underemployed individuals.

With the more than 30,000 persons unemployed throughout the State, the jobs created under the present State Comprehensive Employment and Training program will not lower the unemployment rate to any significant degree. However, the lapse of program funds on June 30, 1976 will result in a mass layoff on July 1, 1976 during a period of continuing high unemployment.

Your Committee believes that this bill will establish a State Employment Program which will be designed to meet the employment needs of the unemployed and underemployed

residents of the State. Your Committee further believes that this bill may help to alleviate the problems of the unemployed and underemployed by developing public service employment opportunities, providing subsidies and loans to employers in private industry.

Your Committee has amended the bill to clarify the bill's intent to provide temporary transitional employment to unemployed and underemployed individuals immediately upon enactment. The bill has been amended to provide that the rules and regulations applicable to Act 151, Session Laws of Hawaii 1975, shall apply to this Act. In this way, unnecessary delays due to the lack of rules may be avoided.

The bill has been amended to provide for employee benefits similar to those authorized for regular State employees.

The bill also provides that the Act will apply to residents of the State, and for the continued participation of persons participating in Part II employment under Act 151 of 1975.

Your Committee has further amended the bill by increasing the appropriation for the employment program proposed from \$19,000,000 to \$20,000,000. Amendments were also made to provide that any appropriations for Act 151, Session Laws of Hawaii 1975, which are unexpended as of June 30, 1976 shall be carried over to implement this Act.

The bill was further amended to provide that unencumbered balances shall lapse on June 30, 1977 rather than 1978.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2745-76, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2745-76, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 670-76      Labor and Public Employment on S.B. No. 2095-76

The purpose of this bill is to provide all civil service benefits to Oahu Metropolitan Planning Organization Staff.

Your Committee learned that the staff of the Oahu Metropolitan Planning Organization does not qualify for any benefit programs. The thought behind the passage of Act 180, SLH 1975, was to have an OMPO staff whose accountability was to the OMPO Policy Committee rather than to the State and/or County executive branches.

This bill retains the independent status of the OMPO staff employees but in the interest of fair and equitable treatment, and to make recruitment more competitive for future staff, your Committee feels that the present two-person staff should receive civil service benefits.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2095-76, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives  
Naito and Santos.

SCRep. 671-76      Labor and Public Employment on S.B. No. 2405-76

The purpose of this bill is to amend the General Appropriation Act of 1975 so that the Office of the Legislative Reference Bureau shall conduct a comprehensive review of major employee benefit programs administered by the State.

A similar provision was included in the General Appropriation Act of 1975, but due to program restrictions, the funds were not released.

The Department of Labor and Industrial Relations administers four such programs, including workers' compensation, temporary disability insurance, prepaid health care, and unemployment insurance. The rationale for this review is to determine whether or not these programs are being effectively carried out for the benefit of all employees

and employers subject to these laws, and that the administration therefor is maximizing its efficiency and productivity.

Your Committee has amended the appropriation amount to \$75,000 and made certain style and grammatical changes.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2405-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2405-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Naito and Santos.

SCRep. 672-76          Judiciary on S.B. No. 1801-76

The purpose of this bill is to appropriate funds to compensate individuals pursuant to Chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Act.

Your Committee recommends that the sum of \$265,810.79 be appropriated from the general revenues of the State of Hawaii and be deposited into the Criminal Injuries Compensation Fund to be applied to making payments as authorized by the Criminal Injuries Compensation Commission. The total sum of \$265,810.79 represents 163 payments to victims, 60 payments for medical services, 30 payments for legal services and 2 payments for funeral services.

Your Committee on Judiciary is in accord in the intent and purpose of S.B. No. 1801-76, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santos.

SCRep. 673-76          Judiciary on S.B. No. 2333-76

The purpose of this bill is to establish revolving funds for correctional facilities stores.

Your Committee on Judiciary finds that the current operation of correctional facility stores requires wasteful and duplicative paper work. Purchase of resale items are obtained through the expenditure of general funds which are subsequently reimbursed by receipts from the stores. Creation of revolving funds will enable the purchase of resale items from the receipts which will be a more efficient and expensive procedure. Under the provisions of this bill, the use of any such revolving fund credited shall be used not only for purchasing items to be resold to inmates, but also for the purchasing of other foods or services for inmate benefits and needs.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2333-76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2333-76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santos.

SCRep. 674-76          Judiciary on S.B. No. 2105-76

The purpose of this bill is to provide for a second judge for the Second Circuit.

Your Committee on Judiciary finds that the increasing number of cases pending at the end of each fiscal year indicates that the current judge and staff serving Maui court's 53,018 population is insufficient to safeguard the rights and interests of persons by assuring an equitable and expeditious judicial process. It should be noted that the number of cases filed and pending is approaching the caseload of the Third Circuit (Hawaii) which has a complement of two judges and staff.

Your Committee on Judiciary is accord with the intent and purpose of S.B. No. 2105-76 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santos.

SCRep. 675-76      Judiciary on S.B. No. 1794-76

The purpose of this Act is to change the law relating to notaries public to conform the durational residence requirement with present law and to raise bonding amounts and fees in order to cover increasing administrative costs.

Your Committee recommends that the durational residence requirement be abolished and that a notary public be at least eighteen years of age. Your Committee also recommends that fees charged by the attorney be increased to cover rising administrative costs.

Your Committee recommends an amendment to this Act which deletes Section 2 relating to official bonds.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1794-76, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1794-76, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santos.

SCRep. 676-76      Judiciary and Labor and Public Employment on S.B. No. 2321-76 (Majority)

The purpose of this bill is to amend the existing law by authorizing the appointment of a Deputy Administrative Director of the Courts, subject to chapter 76, Hawaii Revised Statutes, but not subject to chapter 77. The bill also provides for a second deputy sheriff.

The Administration Office of the Department of Judiciary completed a six-month survey and analysis of its functions in the fall of 1975. Included in this review was a comparison with the organizational structure of Executive Branch departments. One point brought out by the review and comparison is that the Judiciary is larger than twelve Executive Branch departments.

At the conclusion of this effort the Administration Office was reorganized to provide for a position of Deputy Administrative Director of the Courts. The position description is in the final stages of being approved by the Department of Personnel Services under its authority to reclassify with the existing civil service structure.

Your Committees desire to create an equity between the compensation for this position and similar positions in the Executive Branch. This bill provides for such equity by authorizing the appointment of a Deputy Administrative Director position subject to Chapter 76 but not subject to chapter 77 and provides for a salary comparable to similar positions in the Executive Branch.

This bill provides for a second deputy sheriff which would allow for civil and criminal matters to be split within the Office of Sheriff. The Office of Sheriff was transferred to the Judiciary in 1975. An initial review of the functions indicates that supervisory control needs to be upgraded to effect a higher degree of efficiency. The first deputy will be responsible for the civil matters while the second deputy will be responsible for the criminal matters. The second deputy shall be on equal status with the first deputy. Your Committees feel that this will provide a degree of control that would greatly improve the services of the Office of Sheriff.

This bill has been corrected to remove the conflict that appears to exist between the statutory salary intended by this bill and the application of chapter 77.

Your Committees on Judiciary and Labor and Public Employment are in accord with the intent and purpose of S.B. No. 2321-76, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2321-76, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

Signed by all members of the Committees except Representatives Kondo, Naito and Santos.

Representative Cobb did not concur.